

[ORIGINAL]

18-003

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

JAN 12 2018

Facility/Project Identification**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Facility Name: Taylorville Memorial Hospital		
Street Address: 201 E. Pleasant Street		
City and Zip Code: Taylorville, IL 62568		
County: Christian	Health Service Area: 3	Health Planning Area: Christian

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Memorial Health System
Street Address: 701 North First Street
City and Zip Code: Springfield, Illinois 62781
Name of Registered Agent: Anna N. Evans, General Counsel & VP of Internal Audit and Compliance
Registered Agent Street Address: 701 North First Street
Registered Agent City and Zip Code: Springfield, Illinois 62781
Name of Chief Executive Officer: Edgar J. Curtis
CEO Street Address: 701 North First Street
CEO City and Zip Code: Springfield, Illinois 62781
CEO Telephone Number: 217-788-3340

Type of Ownership of Applicants

- | | |
|--|--|
| <input checked="" type="checkbox"/> Non-profit Corporation | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> For-profit Corporation | <input type="checkbox"/> Governmental |
| <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Sole Proprietorship |
| | <input type="checkbox"/> Other |

- Corporations and limited liability companies must provide an Illinois certificate of good standing.
- Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name: Michael Curtis
Title: Administrator, Business Development and Strategic Planning
Company Name: Memorial Health System
Address: 701 North First Street, Springfield, IL 62781
Telephone Number: 217-757-4281
E-mail Address: curtis.michael@mhsil.com
Fax Number: 217-788-5520

Additional Contact [Person who is also authorized to discuss the application for permit]

Name: Michael Copelin
Title: President
Company Name: Copelin Healthcare Consulting
Address: 42 Birch Lake Drive, Sherman, IL 62684
Telephone Number: 217-496-3712
E-mail Address: micball1@aol.com
Fax Number: 217-496-3097

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT****SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

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Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Taylorville Memorial Hospital
Street Address: 201 E. Pleasant Street
City and Zip Code: 201 E. Pleasant Street
Name of Registered Agent: Anna N. Evans, General Counsel & VP of Internal Audit and Compliance
Registered Agent Street Address: 701 N. First Street
Registered Agent City and Zip Code: Springfield, IL 62781
Name of Chief Executive Officer: Kimberly Bourne
CEO Street Address: 201 E. Pleasant Street
CEO City and Zip Code: Taylorville, IL 62568
CEO Telephone Number: 217-824-1605

Type of Ownership of Applicants

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/>
Other	
<ul style="list-style-type: none">Corporations and limited liability companies must provide an Illinois certificate of good standing.Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.	
APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

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Name: Michael A. Curtis
Title: Administrator, Business Development and Strategic Planning
Company Name: Memorial Health System
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E-mail Address: micball1@aol.com
Fax Number: 217-496-3097

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

Name: Michael A. Curtis
Title: Administrator, Business Development and Strategic Planning
Company Name: Memorial Health System
Address: 701 N. First Street Springfield, IL 62781
Telephone Number: 217-757-4281
E-mail Address: curtis.michael@mhsil.com
Fax Number: 217-788-5520

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Memorial Health System
Address of Site Owner: 701 North First Street, Springfield, IL 62781
Street Address or Legal Description of the Site: Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT 2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Taylorville Memorial Hospital	
Address: 201 E. Pleasant Street, Taylorville, IL 62568	
<input checked="" type="checkbox"/> Non-profit Corporation <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Limited Liability Company Other	<input type="checkbox"/> Partnership <input type="checkbox"/> Governmental <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/>
<ul style="list-style-type: none">Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	
APPEND DOCUMENTATION AS <u>ATTACHMENT 3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS <u>ATTACHMENT 4</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT 5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT 6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

☒ Substantive☐ Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The proposed project is a major modernization of Taylorville Memorial Hospital, a 25-bed Critical Access Hospital located at 201 E. Pleasant Street, Taylorville, Illinois, 62568. The project includes replacement of an existing 63-year old 5-story building currently housing medical-surgical beds, selected outpatient and other support services. The new facility will include a single-story and a two-story building addition. Once the new two story building is completed, the existing 5 -story hospital building will be demolished. The project will expand one category of service (Medical-Surgical/Pediatrics) by replacing 22 Medical Surgical/Pediatrics beds and 3 ICU beds with 25 modern medical surgical beds. The ICU Category of Service will be discontinued. Other services to be relocated into new space include clinical service areas other than categories of service (laboratory, pharmacy, rehabilitation (PT, OT, ST) as well as other clinical support services and non-clinical services (environmental services, materials management, information systems, administration, dietary and other support services.)

The anticipated date to initiate construction, pending IHFSRB approval is July 1, 2018.

The project is classified as substantive based on Rule 1110.40 because it involves a discontinuation of the intensive care category of service.

The cost for this project is \$59,962,138.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$315,539	\$368,186	\$683,725
Site Survey and Soil Investigation	\$103,748	\$121,058	\$224,806
Site Preparation	\$671,274	\$783,274	\$1,454,548
Off Site Work	-	-	-
New Construction Contracts	\$16,760,841	\$19,557,341	\$36,318,182
Modernization Contracts	\$202,619	\$236,425	\$439,043
Contingencies	\$1,706,477	\$1,991,198	\$3,697,675
Architectural/Engineering Fees	\$1,407,575	\$1,642,425	\$3,050,000
Consulting and Other Fees	\$457,739	\$534,111	\$991,850
Movable or Other Equipment (not in construction contracts)	\$2,595,967	\$3,029,098	\$5,625,065
Bond Issuance Expense (project related)	\$69,225	\$80,775	\$150,000
Net Interest Expense During Construction (project related)	\$1,476,800	\$1,723,200	\$3,200,000
Fair Market Value of Leased Space or Equipment	-	-	-
Other Costs To Be Capitalized	\$1,904,723	\$2,222,521	\$4,127,244
Acquisition of Building or Other Property (excluding land)	-	-	-
TOTAL USES OF FUNDS	\$27,672,527	\$32,289,611	\$59,962,138
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities (AT 20% OF PROJECT COST)	\$5,534,505	\$6,457,922	\$11,992,428
Pledges	-	-	-
Gifts and Bequests	-	-	-
Bond Issues (project related) (AT 80% OF PROJECT COST)	\$22,138,021	\$25,831,689	\$47,969,710
Mortgages	-	-	-
Leases (fair market value)	-	-	-
Governmental Appropriations	-	-	-
Grants	-	-	-
Other Funds and Sources*	-	-	-
TOTAL SOURCES OF FUNDS	\$27,672,527	\$32,289,611	\$59,962,138
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

*The applicant has applied for a New Market Tax Credit (NMTC) to help with the financing of this project. If New Market Tax Credit funding is ultimately approved, it would reduce the amount of "Cash and Securities" and/or the "Bond Issues (project related)" required and listed in these rows above. NMTC determination will be made sometime in mid-2018, after IHFSRB action on this Certificate of Need application. Therefore, if NMTC funding is approved for the project, the Applicant will submit to the IHFSRB a revised "Project Sources and Uses of Funds" reflecting the impact of the new infusion of NMTC funding.

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	
The project involves the establishment of a new facility or a new category of service		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If yes, provide the dollar amount of all non-capitalized operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.		
Estimated start-up costs and operating deficit cost is \$_____.		

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.	
Indicate the stage of the project's architectural drawings:	
<input type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input checked="" type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>6/30/2022</u>	
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies	
<input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance.	
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:
<input checked="" type="checkbox"/> Cancer Registry
<input checked="" type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS **ATTACHMENT 9**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert the chart after this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which data is available**. Include observation days in the patient day totals for each bed service. Any bed capacity discrepancy from the Inventory will result in the application being deemed incomplete.

FACILITY NAME: Taylorville Memorial Hospital			CITY: Taylorville, Illinois		
REPORTING PERIOD DATES: From: 1/1/2016 to: 12/31//2016					
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical (incl. Swing and Observation)	21	1,022	5,794	+4	25
Obstetrics					
Pediatrics (incl. Observation)	1	1	11	-1	0
Intensive Care (incl. Observation)	3	145	419	-3	0
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
TOTALS:	25	1,168	6,224		25

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

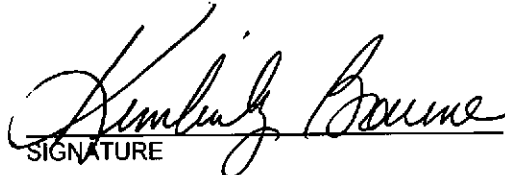
- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Taylorville Memorial Hospital in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.


SIGNATURE

James E. Adcock
PRINTED NAME

Board Chair
PRINTED TITLE

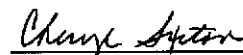

SIGNATURE

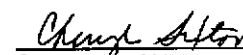
Kimberly L. Bourne
PRINTED NAME

President and CEO
PRINTED TITLE

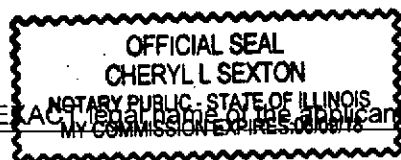
Notarization:
Subscribed and sworn to before me
this 9th day of January 2018

Notarization:
Subscribed and sworn to before me
this 9th day of January 2018


Signature of Notary


Signature of Notary

Seal



*Insert the EXACT Seal of the Notary Public here

Seal



CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- in the case of a corporation, any two of its officers or members of its Board of Directors;
- in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Memorial Health System in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.



SIGNATURE

Edgar J. Curtis

PRINTED NAME

President and CEO

PRINTED TITLE



SIGNATURE

Charles D. Callahan

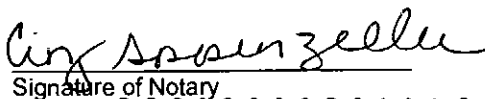
PRINTED NAME

Executive Vice President and COO

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 9th day of January, 2018

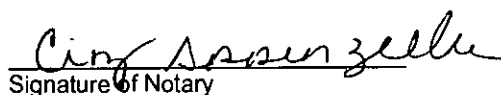
Notarization:
Subscribed and sworn to before me
this 9th day of January, 2018



Signature of Notary

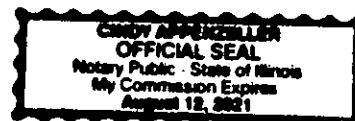
Seal





Signature of Notary

Seal



*Insert the EXACT legal name of the applicant

SECTION II. DISCONTINUATION

This Section is applicable to the discontinuation of a health care facility maintained by a State agency.

NOTE: If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.130 – Discontinuation (State-Owned Facilities and Relocation of ESRD's)

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

IMPACT ON ACCESS

1. Document whether or not the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Background

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.230 – Purpose of the Project, and Alternatives**PURPOSE OF PROJECT**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
- B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
- C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
- D) Provide the reasons why the chosen alternative was selected.

- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**

- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE**Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space**

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE: NOT APPLICABLE

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: NOT APPLICABLE

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VI. SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing the establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion, and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

A. Criterion 1110.530 - Medical/Surgical, Obstetric, Pediatric and Intensive Care

1. Applicants proposing to establish, expand and/or modernize the Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:
2. Indicate bed capacity changes by Service: Indicate # of beds changed by action(s):

Category of Service	# Existing Beds	# Proposed Beds
<input checked="" type="checkbox"/> Medical/Surgical	21	25
<input type="checkbox"/> Obstetric		
<input checked="" type="checkbox"/> Pediatric	1	0
<input checked="" type="checkbox"/> Intensive Care	3	0

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.530(c)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.530(c)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.530(c)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.530(c)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.530(c)(5) - Planning Area Need - Service Accessibility	X		
1110.530(d)(1) - Unnecessary Duplication of Services	X		
1110.530(d)(2) - Maldistribution	X	X	

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.530(d)(3) - Impact of Project on Other Area Providers	X		
1110.530(e)(1), (2), and (3) - Deteriorated Facilities			X
1110.530(e)(4) - Occupancy			X
1110.530(f) - Staffing Availability	X	X	
1110.530(g) - Performance Requirements	X	X	X
1110.530(h) - Assurances	X	X	
APPEND DOCUMENTATION AS <u>ATTACHMENT 19</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

SERVICE SPECIFIC REVIEW CRITERIA

O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

- Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
- Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
Laboratory	1	1
Pharmacy	1	1
Occupational/Physical Therapy	21	19

- READ the applicable review criteria outlined below and submit the required documentation for the criteria:

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility
APPEND DOCUMENTATION AS <u>ATTACHMENT-31</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.		

Criterion 1110.3030 – Clinical Services Other than Categories of Service

This application proposes to modernize the following Clinical Services Other than Clinical Services at Taylorville Memorial Hospital.

- Laboratory
- Pharmacy
- Occupational/Physical Therapy

1110.3030(c)(1) – Deteriorated Facilities

Taylorville Memorial Hospital consists of two buildings, a 5-story building constructed in 1954 and a single-story, ground level building, main entrance and lobby completed in 2012 (CON #09-017).

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VII. 1120.120 - AVAILABILITY OF FUNDS NOT APPLICABLE – S&P/Moody's ratings follow.

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.

MOODY'S

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250 Greenwich Street
New York 10007
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March 6, 2017

Mr. Robert Kay
Chief Financial Officer
Memorial Health System
701 North First Street
Springfield, IL 62781

Dear Mr. Kay:

We wish to inform you that on March 2, 2017, Moody's Investors Service affirmed Memorial Health System's **A1** outstanding rated debt issued through the Illinois Finance Authority. The rating outlook remains **stable**.

Credit ratings issued by Moody's Investors Service, Inc. and its affiliates ("Moody's") are Moody's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities and are not statements of current or historical fact. Moody's credit ratings address credit risk only and do not address any other risk, including but not limited to: liquidity risk, market value risk, or price volatility.

This letter uses capitalized terms and rating symbols that are defined or referenced either in *Moody's Definitions and Symbols Guide* or *MIS Code of Professional Conduct* as of the date of this letter, both published on www.moodyys.com. The Credit Ratings will be publicly disseminated by Moody's through normal print and electronic media as well as in response to verbal requests to Moody's Rating Desk. Moody's related research and analyses will also be published on www.moodyys.com and may be further distributed as otherwise agreed in writing with us.

Moody's Credit Ratings or any corresponding outlook, if assigned, will be subject to revision, suspension or withdrawal, or may be placed on review, by Moody's at any time, without notice, in the sole discretion of Moody's. For the most current Credit Rating, please visit www.moodyys.com.

Moody's has not consented and will not consent to being named as an expert under applicable securities laws, such as section 7 of the Securities Act of 1933. The assignment of a rating does not create a fiduciary relationship between Moody's and you or between Moody's and other recipients of a Credit Rating. Moody's Credit Ratings are not and do not provide investment advice or recommendations to purchase, sell or hold particular securities. Moody's issues Credit Ratings with the expectation and understanding that each investor will make its own evaluation of each security that is under consideration for purchase, sale or holding.

Moody's adopts all necessary measures so that the information it uses in assigning a Credit Rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently validate or verify information received in the rating process. Moody's expects and is

March 6, 2017

Mr. Robert Kay
Chief Financial Officer
Memorial Health System
701 North First Street
Springfield, IL 62781

relying upon you possessing all legal rights and required consents to disclose the information to Moody's, and that such information is not subject to any restrictions that would prevent use by Moody's for its ratings process. In assigning the Credit Ratings, Moody's has relied upon the truth, accuracy, and completeness of the information supplied by you or on your behalf to Moody's. Moody's expects that you will, and is relying upon you to, on an ongoing basis, promptly provide Moody's with all information necessary in order for Moody's to accurately and timely monitor the Credit Ratings, including current financial and statistical information.

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If there is a conflict between the terms of this rating letter and any related Moody's rating application, the terms of the executed rating application will govern and supercede this rating letter.

Should you have any questions regarding the above, please do not hesitate to contact the analyst assigned to this transaction, Beth Wexler at 212-553-1384.

Sincerely,

Moody's Investors Service Inc

Moody's Investors Service Inc.

RatingsDirect®

Illinois Finance Authority Memorial Health System; Hospital

Primary Credit Analyst:

Brian T Williamson, Chicago (1) 312-233-7009; brian.williamson@spglobal.com

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Illinois Finance Authority Memorial Health System; Hospital

Credit Profile

Illinois Finance Authority, Illinois

Memorial Hlth Sys, Illinois

Series 2009

Long Term Rating

AA-/Stable

Affirmed

Rationale

S&P Global Ratings affirmed its 'AA-' long-term rating on the Illinois Finance Authority's series 2009 and 2014A hospital revenue bonds issued on behalf of Memorial Health System (Memorial, or MHS). The outlook is stable.

We have assessed Memorial's financial profile as very strong and its enterprise profile as strong. In our view, the very strong financial profile is supported by healthy financial performance and liquidity and financial flexibility. The strong enterprise profile continues to be supported by our view of Memorial's superior business position based on market share and a leadership team that has consistently implemented its strategic plan. We think that these credit factors combined lead to an indicative rating of 'a+'. In our view, the final 'AA-' rating on the hospital's bonds accurately reflects our view of Memorial and the leadership team's ability to implement operational improvements and drive solid cash flow, which in turn will help to improve overall financial flexibility.

The rating further reflects our view of Memorial's:

- Adequate maximum annual debt service (MADS) coverage in fiscal 2016, and
- Stable management team that continues to implement and update its plan to help improve Memorial.

Partly offsetting the above strengths, in our view, are Memorial's:

- Continued softer-than-budgeted operations, and
- High leverage and low unrestricted reserves to long-term debt compared with our medians for the rating.

The 'AA-' rating is based on our view of Memorial's group credit profile and the obligated group's core status. Accordingly, we rate the bonds at the same level as the group credit profile. Gross revenue of the obligated group secures the various bonds.

Memorial is located in Springfield, Ill. Its flagship facility is Memorial Medical Center (MMC), a teaching tertiary hospital with 500 licensed beds. Only Memorial and MMC are members of the obligated group.

Outlook

The stable outlook reflects our anticipation that Memorial will meet its fiscal 2017 budget and that it will see an improvement in cash on hand, as it has no major capital plans hereafter.

Downside scenario

If Memorial is unable to at least meet its budget for the second year in a row and does not see the expected improvement in liquidity and cash on hand, we could lower the rating. We could also revise the outlook to negative if the State of Illinois' ability to make payments further affects MHS.

Upside scenario

We do not anticipate raising the rating during the outlook period. However, if Memorial is able to lower its leverage to less than 30% and increase its unrestricted reserves to more than 175% of debt, we could revise the outlook to positive or raise the rating.

Enterprise Profile

Industry risk

Industry risk addresses our view of the health care sector's overall cyclicity and competitive risk and growth through application of various stress scenarios and evaluation of barriers to entry, the level and trend of industry profit margins, risk from secular change and substitution of products, services, and technologies, and risk in growth trends. We believe the health care services industry represents an intermediate credit risk when compared with other industries and sectors.

Economic fundamentals

Memorial is headquartered in Springfield, the state capital. Memorial defines its primary service area as the nine counties that surround the state capital. Overall demographics within the primary service area are respectable when measured against state and national averages.

Market position

In the Springfield market, MMC competes with St. John's Hospital, which is a part of Hospital Sisters Health Services Inc. MMC continues to lead the market, with a 58% market share based on the latest data. This robust market share remains a positive for Memorial.

Table 1

Memorial Health System and Subsidiaries Utilization

	—Three-month interim ended Dec. 31—	—Fiscal year ended Sept. 30—	
	2016	2016	2015
PSA population	410,611	410,611	413,000
PSA market share %	58.3	58.3	59.5
Inpatient admissions*	N.A.	27,806	27,645
Equivalent inpatient admissions	N.A.	64,725	63,615
Emergency visits	29,110	132,421	129,679

Table 1

Memorial Health System and Subsidiaries Utilization (cont.)			
	--Three-month interim ended Dec. 31--	--Fiscal year ended Sept. 30--	
	2016	2016	2015
Inpatient surgeries	2,314	9,561	9,170
Outpatient surgeries	4,250	17,282	16,977
Medicare case mix index	N.A.	1.66	1.66
FTE employees	N.A.	4,662	4,498
Active physicians	N.A.	893	895
Medicare %¶	N.A.	35.7	37.1
Medicaid %¶	N.A.	8.3	8.5
Commercial/Blues %¶	N.A.	54.3	52.2

*Excludes newborns, psychiatric, and rehabilitation admissions. ¶Based on net revenue. FTE—Full-time equivalent. N.A.—not available.
PSA—Primary service area.

Management

Memorial's management team has remained stable. The system remains a member of the BJC Collaborative, which it anticipates will continue to focus on lowering health care costs and deploying clinical programs and services to improve access to patients, among other pursuits.

Financial Profile

Financial policies

The financial policies assessment of neutral reflects our opinion that financial reporting and disclosure, investment allocation and liquidity, debt profile, contingent liabilities, and legal structure are appropriate for an organization of this type and size and are not likely to impair the organization's ability to pay debt service.

Financial performance

For fiscal 2016, the leadership team noted that it has seen continued growth in the overall revenue base in that it eclipsed \$1 billion in revenue for the year. However, fiscal 2016 was more challenging than the extremely strong fiscal 2015. MHS had budgeted for an operating margin of only 3% for fiscal 2016 compared with the 6% achieved for fiscal 2015. Management reports that fiscal 2016 results were negatively affected by the following: \$8 million reduction in reimbursement from Medicare and Medicaid, \$8.2 million of increased academic support for Southern Illinois University, \$9.4 million in additional physician expense as the physician base expanded, and \$14.8 million in increased depreciation and interest expense related to the completion of the capital project. Management is budgeting for a 2.6% operating margin for fiscal 2017, which is slightly better than that for fiscal 2016. The leadership team reports that as it continues to add physicians, related expenses will continue to grow. It also reports that a full year of depreciation for the capital projects will add another \$4 million on top of the partial impact for fiscal 2016. Management reports that it will have to see an improvement of approximately \$30 million annually to achieve the goals that it has set. Historically, the leadership team has seen savings/revenue enhancements of approximately \$20 million annually. Given the stable leadership team and the knowledge of the system, we believe that the team will be able to achieve its goals.

Liquidity and financial flexibility

As of this analysis, Memorial has seen its unrestricted reserves soften at fiscal year-end 2016 and continue as such through the first quarter of fiscal 2017. The leadership team reports that, as planned, capital spending has affected the unrestricted reserves and that, along with others, it has been affected by the delayed payment from the State of Illinois as a result of its budget impasse. As noted by leadership, if it were to receive all that is outstanding, cash on hand would increase by 20 to 25 days.

As the major capital projects are behind Memorial, management has budgeted for improved liquidity and is targeting cash on hand in excess of 250 days by the end of fiscal 2017.

Debt and contingent liabilities

The obligor has contingent liability risk exposures from financial instruments with payment provisions that change upon certain events, but we consider the risk manageable at the current rating.

MHS has five series of direct placement bonds totaling \$224.3 million. Covenants for the various direct placement bonds include failure to pay any obligation for more than five consecutive days, no less than 1.2x debt service coverage, no less than 70 days' cash on hand, and at least a 'BBB-' rating. A violation can accelerate bond payments. Memorial continues to have good unrestricted reserves for the rating--in particular, unrestricted reserves to contingent liabilities is healthy at approximately 2.9x--and Memorial has significant headroom before tripping any of the financial covenants. Despite this, the direct placement debt does limit future financial flexibility, and a liquidity event, should it occur, could affect the rating.

Table 2

Memorial Health System and Subsidiaries Financial Summary					
	--Three-month interim ended Dec. 31--	--Fiscal year ended Sept. 30--		'AA-' rated stand-alone hospital medians	'A+' rated stand-alone hospital medians
	2016	2016	2015	2015	2015
Financial performance					
Net patient revenue (\$000s)	229,081	917,143	869,377	865,171	540,173
Total operating revenue (\$000s)	250,624	1,004,992	954,534	MNR	MNR
Total operating expenses (\$000s)	250,398	982,570	895,088	MNR	MNR
Operating income (\$000s)	226	22,422	59,446	MNR	MNR
Operating margin (%)	0.09	2.23	6.23	5.80	5.40
Net nonoperating income (\$000s)	5,063	15,711	22,073	MNR	MNR
Excess income (\$000s)	5,289	38,133	81,519	MNR	MNR
Excess margin (%)	2.07	3.74	8.35	8.80	8.20
Operating EBIDA margin (%)	8.8	10.8	13.7	12.3	12.6
EBIDA margin (%)	10.61	12.18	15.65	15.30	15.00
Net available for debt service (\$000s)	27,120	124,297	152,797	129,972	79,303
Maximum annual debt service (MADS; \$000s)	33,317	33,317	33,317	MNR	MNR
MADS coverage (x)	3.26	3.73	4.59	6.40	6.00

Table 2

Memorial Health System and Subsidiaries Financial Summary (cont.)

	--Three-month interim ended Dec. 31--	--Fiscal year ended Sept. 30--		'AA-' rated stand-alone hospital medians	'A+' rated stand-alone hospital medians
	2016	2016	2015	2015	2015
Operating-lease-adjusted coverage (x)	3.26	3.54	4.36	4.70	4.40
Liquidity and financial flexibility					
Unrestricted reserves (\$000s)	577,390	568,552	620,347	662,366	440,466
Unrestricted days' cash on hand	226.1	227.1	269.9	350.6	294.9
Unrestricted reserves/long-term debt (%)	125.2	121.1	152.3	268.2	235.6
Unrestricted reserves/contingent liabilities (%)	284.6	280.2	395	516.1	620.8
Average age of plant (years)	N.A.	7.7	8.4	10.5	10.3
Debt and liabilities					
Long-term debt (\$000s)	461,040	469,371	407,330	MNR	MNR
Long-term debt/capitalization (%)	36.5	36.9	34.5	23.6	24.0
Contingent liabilities (\$000s)	202,903	202,903	157,035	MNR	MNR
Contingent liabilities/long-term debt (%)	44.0	43.2	38.6	38.0	43.5
Debt burden (%)	3.25	3.24	3.39	2.30	2.60
Defined benefit plan funded status (%)	N.A.	92.80	84.18	74.50	79.00

MNR—Median not reported. N.A.—Not available.

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SECTION IX. 1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements	NOT APPLICABLE
<p>The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:</p> <ol style="list-style-type: none">1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:<ol style="list-style-type: none">A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; orB) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.	
<p>B. Conditions of Debt Financing</p> <p>This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:</p> <ol style="list-style-type: none">1) That the selected form of debt financing for the project will be at the lowest net cost available;2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.	
<p>C. Reasonableness of Project and Related Costs</p> <p>Read the criterion and provide the following:</p> <ol style="list-style-type: none">1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).	

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE								
Department (list below)	A	B	C	D	E	F	G	H
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)
Contingency								
TOTALS								
* Include the percentage (%) of space for circulation								

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION X. SAFETY NET IMPACT STATEMENT

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner

consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 38.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)			
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION XI. CHARITY CARE INFORMATION

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

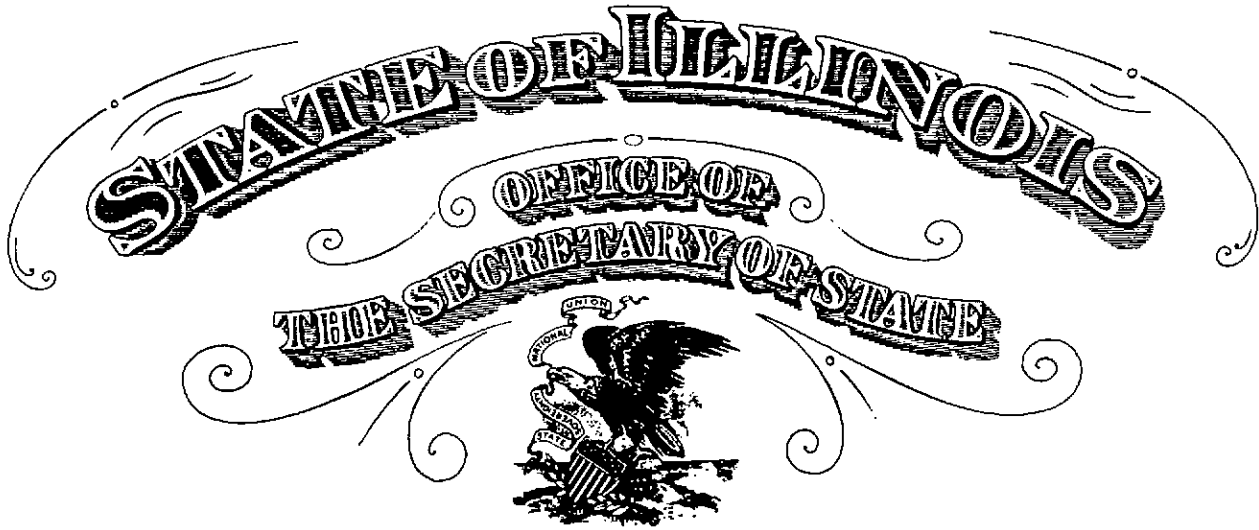
A table in the following format must be provided for all facilities as part of Attachment 39.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS **ATTACHMENT 39**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
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2	Site Ownership	38
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	39-40
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	41
5	Flood Plain Requirements	42-43
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7	Project and Sources of Funds Itemization	45-48
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15	Project Service Utilization	94
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
	Service Specific:	
19	Medical Surgical Pediatrics, Obstetrics, ICU	95-103
20	Comprehensive Physical Rehabilitation	
21	Acute Mental Illness	
22	Open Heart Surgery	
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24	In-Center Hemodialysis	
25	Non-Hospital Based Ambulatory Surgery	
26	Selected Organ Transplantation	
27	Kidney Transplantation	
28	Subacute Care Hospital Model	
29	Community-Based Residential Rehabilitation Center	
30	Long Term Acute Care Hospital	
31	Clinical Service Areas Other than Categories of Service	104-107
32	Freestanding Emergency Center Medical Services	
33	Birth Center	
	Financial and Economic Feasibility:	
34	Availability of Funds	
35	Financial Waiver	
36	Financial Viability	
37	Economic Feasibility	108-112
38	Safety Net Impact Statement	113-116
39	Charity Care Information	117



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

TAYLORVILLE MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 29, 1948, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1734701614 verifiable until 12/13/2018
Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 13TH
day of DECEMBER A.D. 2017 .***

Jesse White

SECRETARY OF STATE

ATT-1 Page 1 of 2



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MEMORIAL HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 13TH
day of DECEMBER A.D. 2017 .

Jesse White

SECRETARY OF STATE



January 12, 2018

Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street - Second Floor
Springfield, IL 62702

Re: Site Ownership of Taylorville Memorial Hospital

Dear Ms. Avery:

This letter attests to Memorial Health System's site ownership and control of Taylorville Memorial Hospital located at 201 East Pleasant Street, Taylorville, Illinois 62568.

Memorial Health System's address is 701 N. 1st Street, Springfield, Illinois 62781.

Please contact me at 217-788-3340 or curtis.ed@mhsil.com if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Edgar J. Curtis", with a stylized flourish at the end.

Edgar J. Curtis
President
Chief Executive Officer
Memorial Health System

ATT - 2



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

MEMORIAL HEALTH SYSTEM, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON AUGUST 21, 1981, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1734701568 verifiable until 12/13/2018

Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 13TH
day of DECEMBER A.D. 2017 .***

Jesse White

SECRETARY OF STATE



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

TAYLORVILLE MEMORIAL HOSPITAL, A DOMESTIC CORPORATION, INCORPORATED UNDER THE LAWS OF THIS STATE ON NOVEMBER 29, 1948, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE GENERAL NOT FOR PROFIT CORPORATION ACT OF THIS STATE, AND AS OF THIS DATE, IS IN GOOD STANDING AS A DOMESTIC CORPORATION IN THE STATE OF ILLINOIS.



Authentication #: 1734701614 verifiable until 12/13/2018

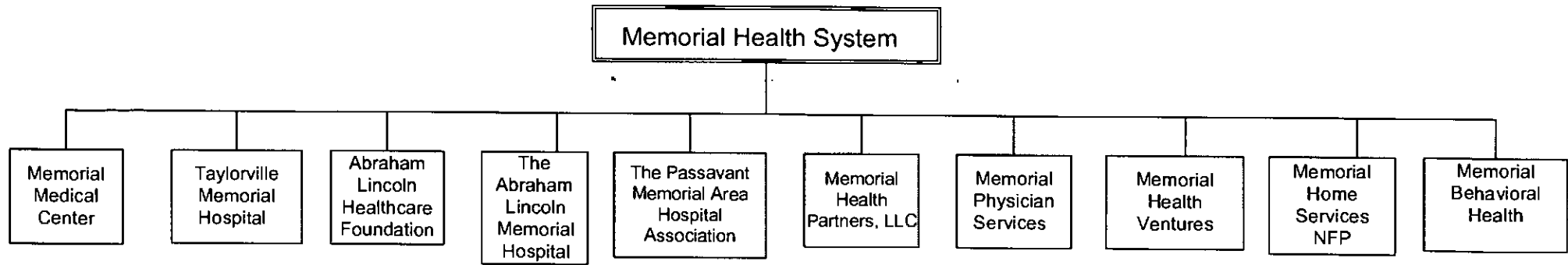
Authenticate at: <http://www.cyberdriveillinois.com>

***In Testimony Whereof, I hereto set
my hand and cause to be affixed the Great Seal of
the State of Illinois, this 13TH
day of DECEMBER A.D. 2017 .***

Jesse White

SECRETARY OF STATE

Organizational Relationships



41

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

This project will be located Taylorville Memorial Hospital located at 201 East Pleasant Street, Taylorville, Illinois 62568.

This project is not located in a flood hazard area and complies with the requirements of Illinois Executive Order #2006-5.

A map showing the proposed project location is attached.

**NFHL (click to expand)**

 Effective

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### 11 Unaccredited Levee

 Accredited Levee

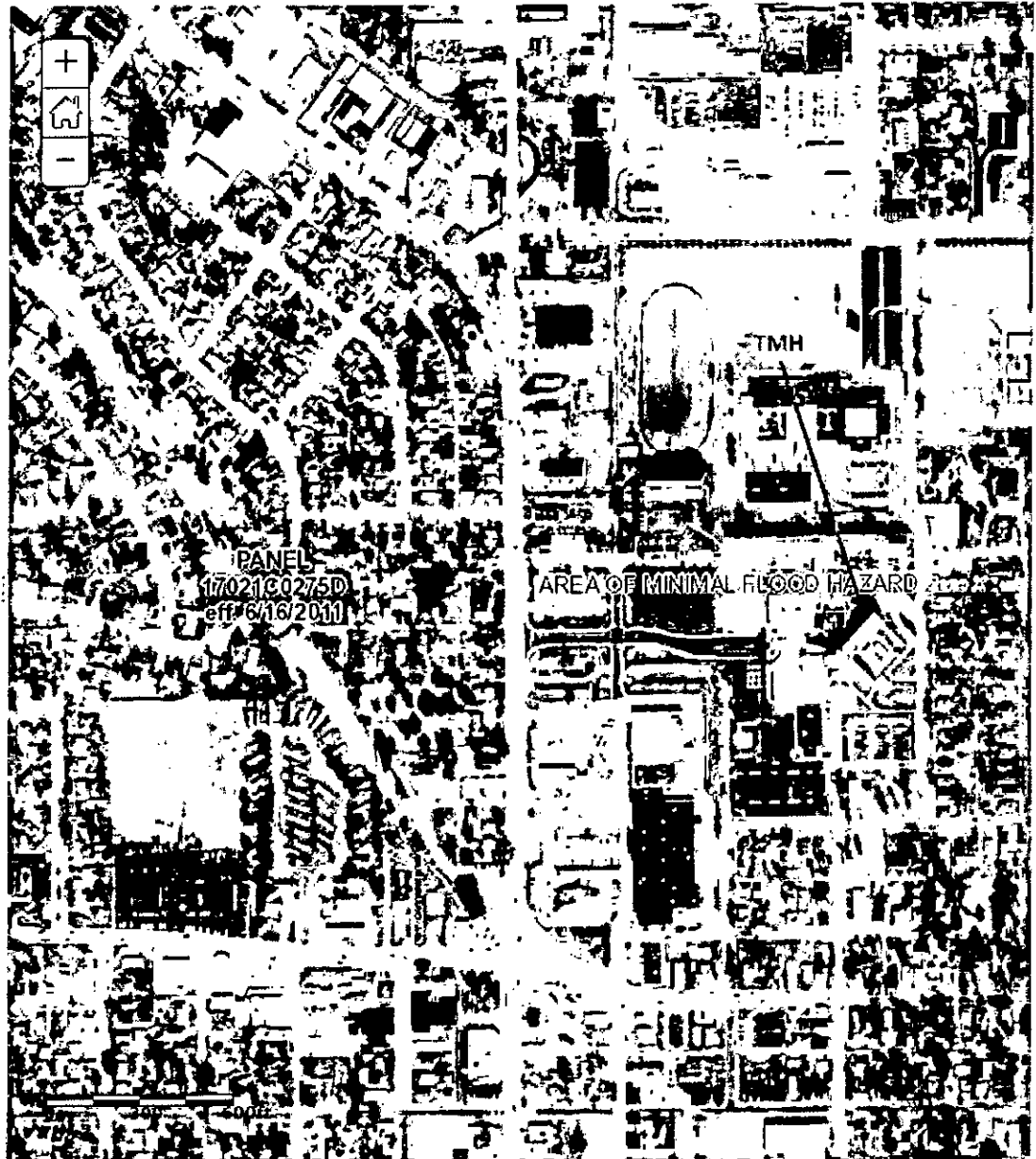
### --- Flood Structure

 Bridge

— Dam, Weir, Jetty

- Other Structure

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## Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271  
www.dnr.illinois.gov

Bruce Rauner, Governor

Wayne A. Rosenthal, Director

FAX (217) 524-7525

Christian County

Taylorville

CON - Partial Demolition and New Construction, Taylorville Memorial Hospital

201 E. Pleasant St.

SHPO Log #019111615

October 30, 2017

Michael Curtis

Memorial Health System

701 N. 1st St.

Springfield, IL 62781-0001

Dear Mr. Curtis:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact David Halpin, Cultural Resources Manager, at 217/785-4998.

Sincerely,

Rachel Leibowitz, Ph.D.

Deputy State Historic

Preservation Officer

### Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

| Project Costs and Sources of Funds                                                                                                             |                     |                     |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| USE OF FUNDS                                                                                                                                   | CLINICAL            | NONCLINICAL         | TOTAL               |
| Preplanning Costs                                                                                                                              | \$315,539           | \$368,186           | \$683,725           |
| Site Survey and Soil Investigation                                                                                                             | \$103,748           | \$121,058           | \$224,806           |
| Site Preparation                                                                                                                               | \$671,274           | \$783,274           | \$1,454,548         |
| Off Site Work                                                                                                                                  | -                   | -                   | -                   |
| New Construction Contracts                                                                                                                     | \$16,760,841        | \$19,557,341        | \$36,318,182        |
| Modernization Contracts                                                                                                                        | \$202,619           | \$236,425           | \$439,044           |
| Contingencies                                                                                                                                  | \$1,706,477         | \$1,991,198         | \$3,697,675         |
| Architectural/Engineering Fees                                                                                                                 | \$1,407,575         | \$1,642,425         | \$3,050,000         |
| Consulting and Other Fees                                                                                                                      | \$457,739           | \$534,110           | \$991,849           |
| Movable or Other Equipment (not in construction contracts)                                                                                     | \$2,595,967         | \$3,029,098         | \$5,625,065         |
| Bond Issuance Expense (project related)                                                                                                        | \$69,225            | \$80,775            | \$150,000           |
| Net Interest Expense During Construction (project related)                                                                                     | \$1,476,800         | \$1,723,200         | \$3,200,000         |
| Fair Market Value of Leased Space or Equipment                                                                                                 | -                   | -                   | -                   |
| Other Costs To Be Capitalized                                                                                                                  | \$1,904,723         | \$2,222,521         | \$4,127,244         |
| Acquisition of Building or Other Property (excluding land)                                                                                     | -                   | -                   | -                   |
| <b>TOTAL USES OF FUNDS</b>                                                                                                                     | <b>\$27,672,527</b> | <b>\$32,289,611</b> | <b>\$59,962,138</b> |
| SOURCE OF FUNDS                                                                                                                                | CLINICAL            | NONCLINICAL         | TOTAL               |
| Cash and Securities (AT 20% OF PROJECT COST)                                                                                                   | \$5,534,506         | \$6,457,922         | \$11,992,428        |
| Pledges                                                                                                                                        | -                   | -                   | -                   |
| Gifts and Bequests                                                                                                                             | -                   | -                   | -                   |
| Bond Issues (project related) (AT 80% OF PROJECT COST)                                                                                         | \$22,138,021        | \$25,831,689        | \$47,969,710        |
| Mortgages                                                                                                                                      | -                   | -                   | -                   |
| Leases (fair market value)                                                                                                                     | -                   | -                   | -                   |
| Governmental Appropriations                                                                                                                    | -                   | -                   | -                   |
| Grants                                                                                                                                         | -                   | -                   | -                   |
| Other Funds and Sources*                                                                                                                       | -                   | -                   | -                   |
| <b>TOTAL SOURCES OF FUNDS</b>                                                                                                                  | <b>\$27,672,527</b> | <b>\$32,289,611</b> | <b>\$59,962,138</b> |
| NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |                     |                     |                     |

\*The applicant has applied for a New Market Tax Credit (NMTC) to help with the financing of this project. If New Market Tax Credit funding is ultimately approved, it would reduce the amount of "Cash and Securities" and/or the "Bond Issues (project related)" required and listed in these rows above. NMTC determination will be made sometime in mid-2018, after IHFSRB action on this Certificate of Need application. Therefore, if NMTC funding is approved for the project, the Applicant will submit to the IHFSRB a revised "Project Sources and Uses of Funds" reflecting the impact of the new infusion of NMTC funding.

**Taylorville Memorial Hospital Modernization  
CON Detailed Budget**

| <b><u>USE OF FUNDS</u></b>                      | <b><u>CLINICAL</u></b> | <b><u>NON-CLINICAL</u></b> | <b><u>TOTAL</u></b> |
|-------------------------------------------------|------------------------|----------------------------|---------------------|
| <b>Preplanning Costs:</b>                       |                        |                            |                     |
| Architectural Programming Costs                 | \$103,895              | \$121,230                  | \$225,125           |
| BSA Preliminary Design Costs                    | \$150,172              | \$175,228                  | \$325,400           |
| O'Shea Pre-construction Fee                     | \$61,472               | \$71,728                   | \$133,200           |
| <b>Total Pre-Planning Costs</b>                 | <b>\$315,539</b>       | <b>\$368,186</b>           | <b>\$683,725</b>    |
| <b>Site Survey and Soil Investigation:</b>      |                        |                            |                     |
| Testing                                         | \$22,985               | \$26,821                   | \$49,806            |
| Soil investigation and stabilization            | \$80,763               | \$94,237                   | \$175,000           |
| <b>Total Site Survey and Soil Investigation</b> | <b>\$103,748</b>       | <b>\$121,058</b>           | <b>\$224,806</b>    |
| <b>Site Preparation:</b>                        |                        |                            |                     |
| Temporary Facilities & Controls                 | \$18,678               | \$21,795                   | \$40,473            |
| Site Preparation                                | \$438,806              | \$512,019                  | \$950,825           |
| Termite Treatment                               | \$15,091               | \$17,609                   | \$32,700            |
| Site Utility Work                               | \$198,699              | \$231,851                  | \$430,550           |
| <b>Total Site Preparation Costs</b>             | <b>\$671,274</b>       | <b>\$783,274</b>           | <b>\$1,454,548</b>  |
| <b>Off-Site Work:</b>                           |                        |                            |                     |
| <b>Total Off-Site Work</b>                      | <b>\$0</b>             | <b>\$0</b>                 | <b>\$0</b>          |
| <b>New Construction Contracts:</b>              | <b>\$16,760,841</b>    | <b>\$19,557,341</b>        | <b>\$36,318,182</b> |
| <b>Modernization Contracts:</b>                 | <b>\$202,619</b>       | <b>\$236,425</b>           | <b>\$439,044</b>    |
| <b>Contingencies:</b>                           |                        |                            |                     |
| New Construction Contingencies                  | \$1,676,084            | \$1,955,734                | \$3,631,818         |
| Modernization Contingencies                     | \$30,393               | \$35,464                   | \$65,857            |
| <b>Total Construction Contingencies</b>         | <b>\$1,706,477</b>     | <b>\$1,991,198</b>         | <b>\$3,697,675</b>  |

**Taylorville Memorial Hospital Modernization  
CON Detailed Budget**

| <u>USE OF FUNDS</u>                                                                                             | <u>CLINICAL</u>    | <u>NON-CLINICAL</u> | <u>TOTAL</u>       |
|-----------------------------------------------------------------------------------------------------------------|--------------------|---------------------|--------------------|
| <b>Architectural and Engineering Fees:</b>                                                                      |                    |                     |                    |
| BSA (Architecture, Mechanical, Electrical,<br>Civil, Structural, Plumbing, Fire Protection,<br>Interior Design) | \$1,407,575        | \$1,642,425         | \$3,050,000        |
| <b>Total Architectural and Engineering Fees</b>                                                                 | <b>\$1,407,575</b> | <b>\$1,642,425</b>  | <b>\$3,050,000</b> |
| <b>Consulting &amp; Other Fees:</b>                                                                             |                    |                     |                    |
| Landscaping Design                                                                                              | \$0                | \$23,500            | \$23,500           |
| Kitchen Design                                                                                                  | \$0                | \$65,600            | \$65,600           |
| Code Consultant                                                                                                 | \$10,153           | \$11,847            | \$22,000           |
| Legal Fees                                                                                                      | \$57,687           | \$67,312            | \$124,999          |
| CON Planning and Consultation                                                                                   | \$11,538           | \$13,462            | \$25,000           |
| CON Application Processing Fee                                                                                  | \$46,150           | \$53,850            | \$100,000          |
| IDPH Plan Review Fee                                                                                            | \$9,230            | \$10,770            | \$20,000           |
| Building Permit Fee                                                                                             | \$4,961            | \$5,789             | \$10,750           |
| Wayfinding                                                                                                      | \$318,020          | \$281,980           | \$600,000          |
| <b>Total Consulting &amp; Other Fees</b>                                                                        | <b>\$457,739</b>   | <b>\$534,110</b>    | <b>\$991,849</b>   |
| <b>Movable and Other Equipment (not in construction contracts):</b>                                             |                    |                     |                    |
| IT Equipment and Infrastructure                                                                                 | \$575,520          | \$671,545           | \$1,247,065        |
| Kitchen Equipment                                                                                               | \$0                | \$700,000           | \$700,000          |
| Diagnostic X-Ray                                                                                                | \$180,000          | \$0                 | \$180,000          |
| Pharmacy Hoods                                                                                                  | \$30,000           | \$0                 | \$30,000           |
| Furniture/Appliances/Fixtures (for entire building)                                                             | \$1,537,372        | \$1,630,628         | \$3,168,000        |
| Sterile Processing Equipment                                                                                    | \$250,000          | \$0                 | \$250,000          |
| Pharmacy Clean Room Shelving                                                                                    | \$23,075           | \$26,925            | \$50,000           |
| <b>Total Moveable and Other Equipment</b>                                                                       | <b>\$2,595,967</b> | <b>\$3,029,098</b>  | <b>\$5,625,065</b> |

**Taylorville Memorial Hospital Modernization  
CON Detailed Budget**

| <u>USE OF FUNDS</u>                                                      | <u>CLINICAL</u>     | <u>NON-CLINICAL</u> | <u>TOTAL</u>        |
|--------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| <b>Bond Issuance Expense (Project Related):</b>                          |                     |                     |                     |
| <b>Total Bond Issuance Fees</b>                                          | <b>\$69,225</b>     | <b>\$80,775</b>     | <b>\$150,000</b>    |
| <b>Net Interest Expense During Construction (project related):</b>       | <b>\$1,476,800</b>  | <b>\$1,723,200</b>  | <b>\$3,200,000</b>  |
| <b>Fair Market Value or Leased Space or Equipment:</b>                   | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          |
| <b>Other Costs to be Capitalized:</b>                                    |                     |                     |                     |
| Temporary Kitchen                                                        | \$115,375           | \$134,625           | \$250,000           |
| Building Demolition (hospital and power plant)                           | \$1,281,698         | \$1,495,546         | \$2,777,244         |
| Asbestous Removal                                                        | \$507,650           | \$592,350           | \$1,100,000         |
| <b>Total Other Costs to be Capitalized</b>                               | <b>\$1,904,723</b>  | <b>\$2,222,521</b>  | <b>\$4,127,244</b>  |
| <b>Acquisition of Building/Other Property (exc. Land):</b>               | <b>\$0</b>          | <b>\$0</b>          | <b>\$0</b>          |
| <b>CONSOLIDATED CON BUDGET TOTAL</b>                                     | <b>\$27,672,527</b> | <b>\$32,289,611</b> | <b>\$59,962,138</b> |
| No single piece of equipment will exceed the capital expenditure minimum |                     |                     |                     |
| <b>Sources of funds</b>                                                  |                     |                     |                     |
| Cash                                                                     | \$5,534,506         | \$6,457,922         | \$11,992,428        |
| Bonds                                                                    | \$22,138,021        | \$25,831,689        | \$47,969,710        |
|                                                                          | <b>\$27,672,527</b> | <b>\$32,289,611</b> | <b>\$59,962,138</b> |



**Criterion 1130.140**

**PROJECT STATUS – ATTACHMENT 8**

**1. Prior Permits.**

The following prior Certificate of Need Permits have been issued for Taylorville Memorial Hospital:

14-052 Discontinuation of Long-Term Care Category of Service

09-017 Construction of Ambulatory Service Building

08-048 Discontinuation of OB Category of Service

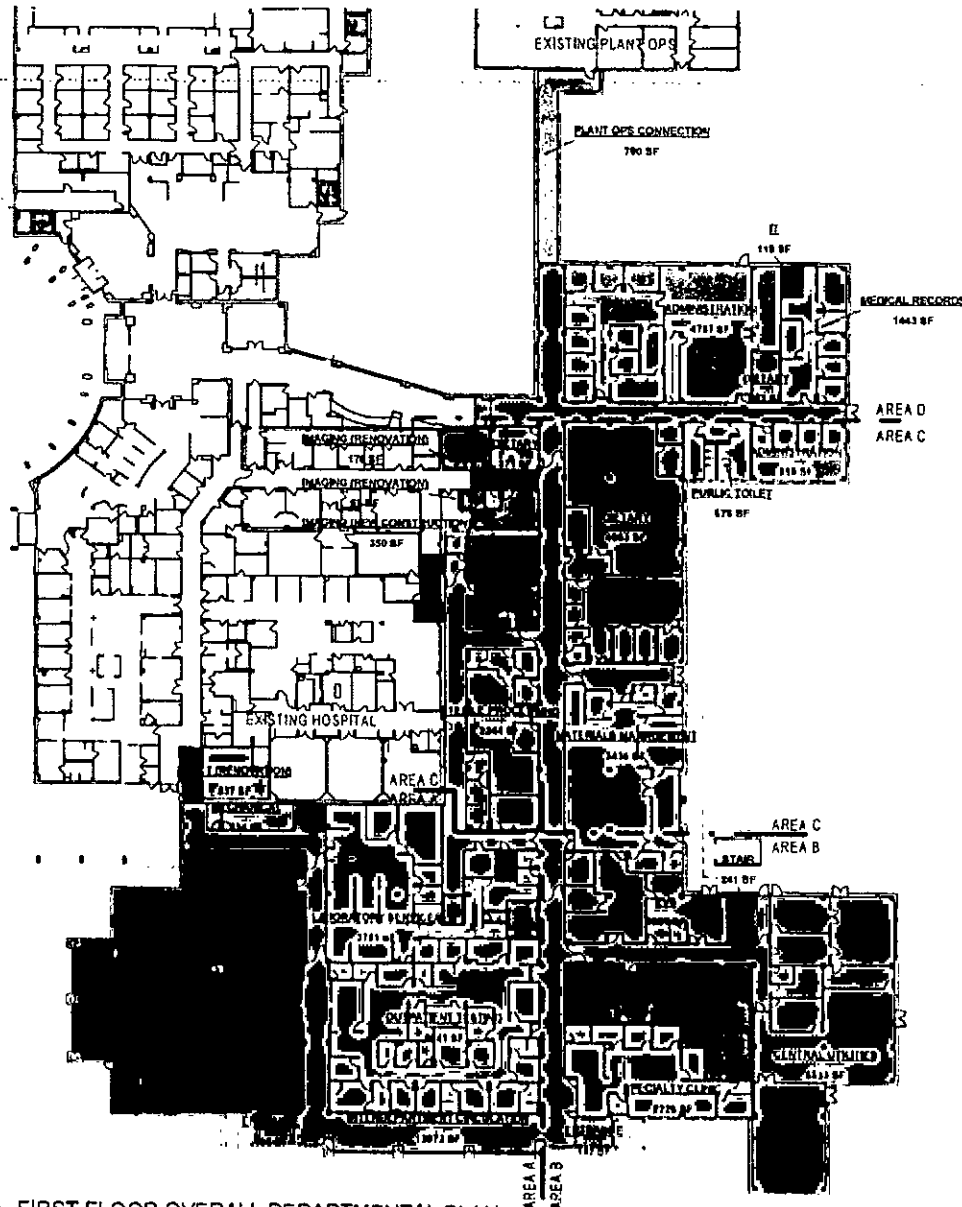
07-156 Construction of Medical Office Building

**2. The project is in the Schematic stage of architectural drawings.**

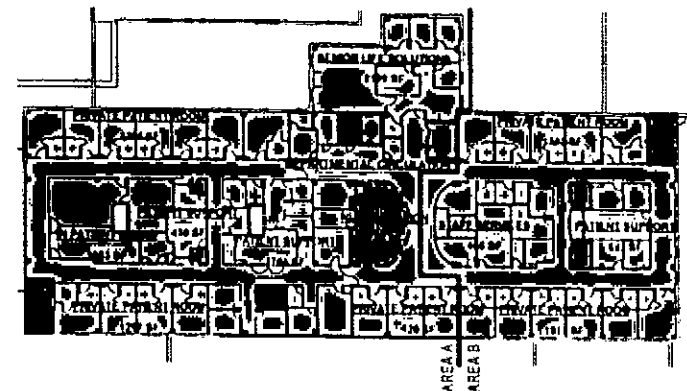
Schematic drawings appear as the last page of this Attachment 8.

TAYLORVILLE MEMORIAL HOSPITAL / ADDITION  
OVERALL FLOOR PLANS

50



① FIRST FLOOR OVERALL DEPARTMENTAL PLAN  
1" = 50'-0"

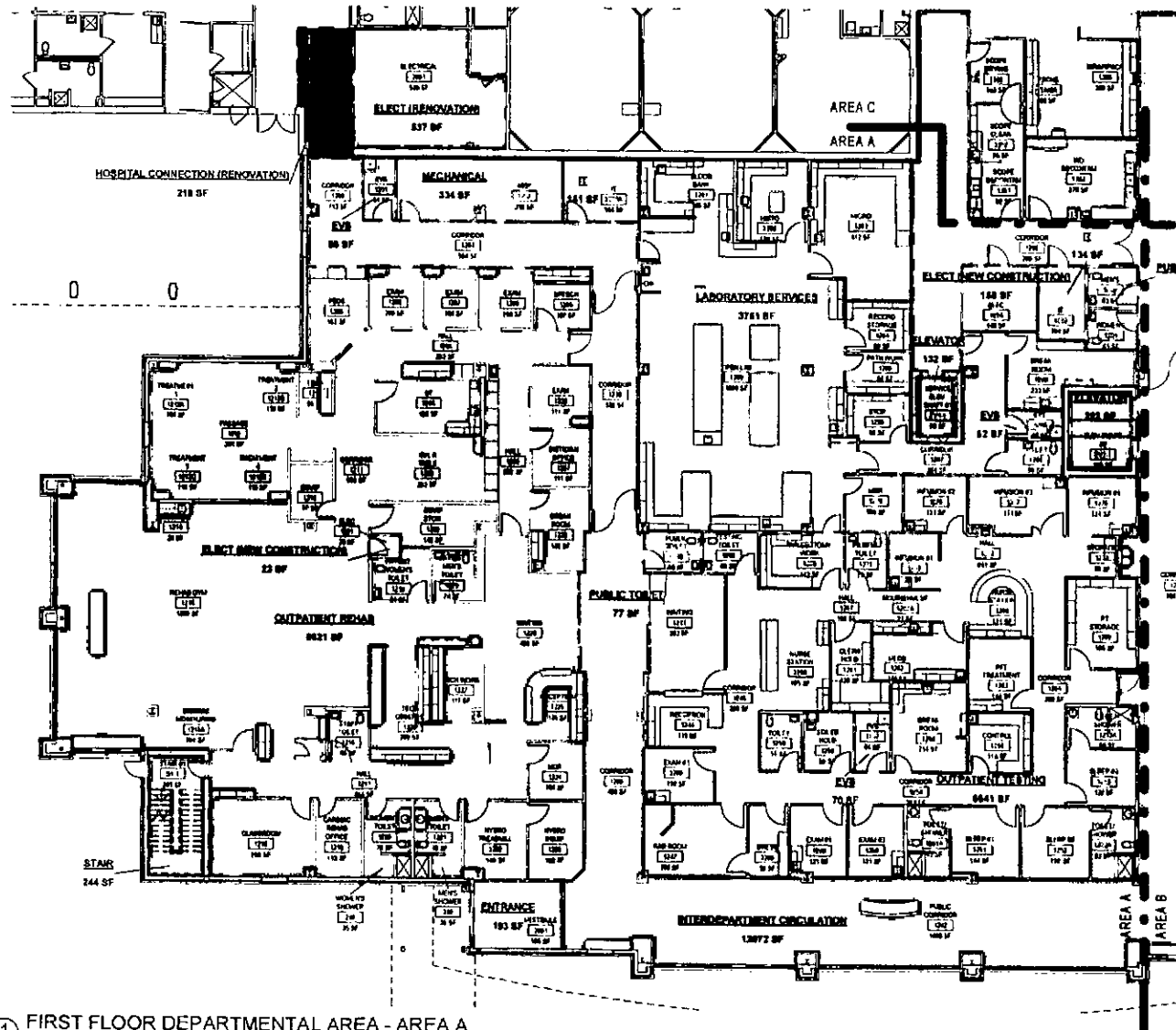


② SECOND FLOOR OVERALL DEPARTMENTAL PLAN  
1" = 50'-0"

*Life Structures*

ATT-8, 20014

TAYLORVILLE MEMORIAL HOSPITAL/ ADDITION  
FIRST FLOOR DEPARTMENTAL AREA - AREA A



DEPARTMENTAL AREA - FIRST FLOOR AREA A

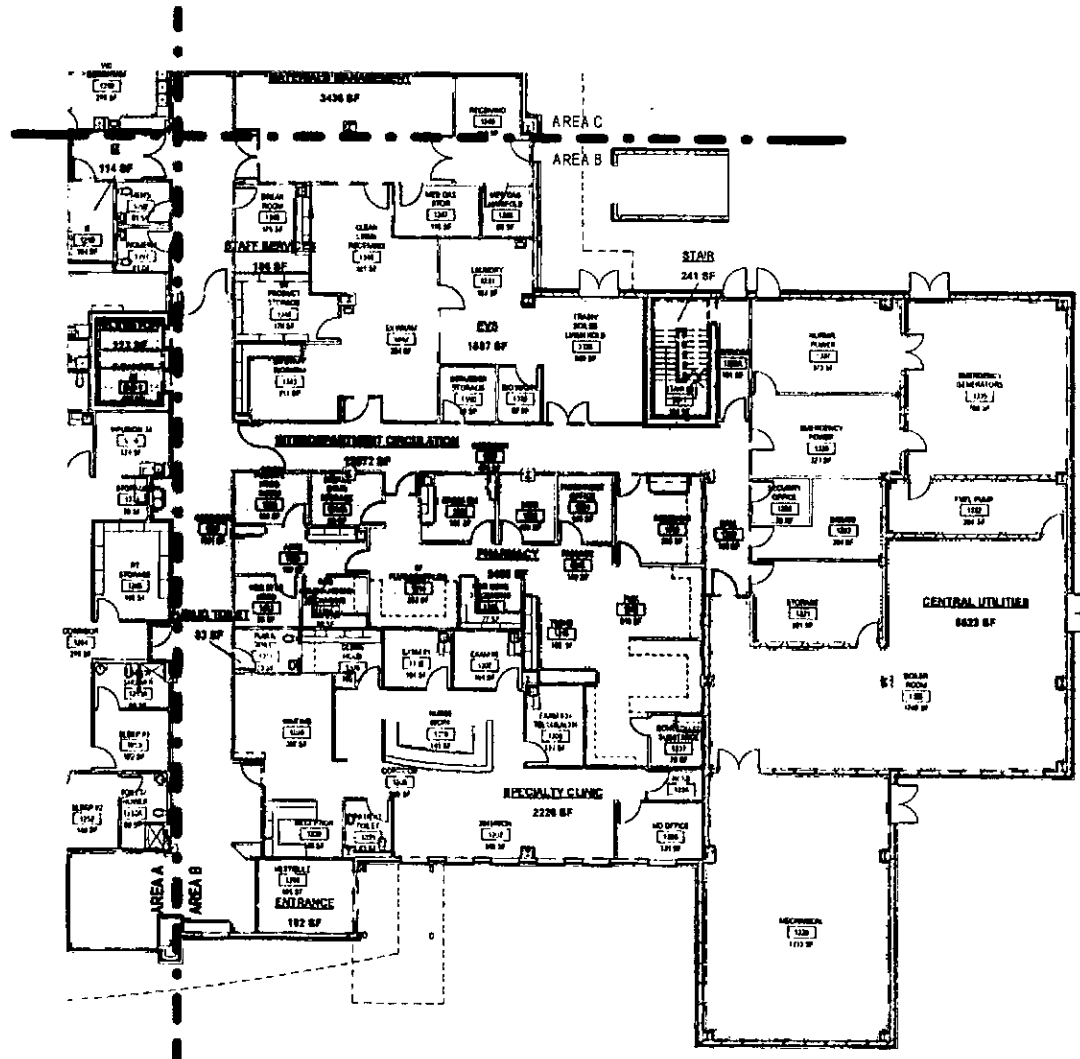
- ☐ ELEC (NEW CONSTRUCTION)
- ☐ ELEC RENOVATION
- ☐ ELEVATOR
- ☐ ENTRANCE
- ☐ EVS
- ☐ HOSPITAL CONNECTION (RENOVATION)
- ☐ INTERDEPARTMENT CIRCULATION
- ☐ IT
- ☐ LABORATORY SERVICES
- ☐ ME - LAB/PH
- ☐ OUTPATIENT EXAM
- ☐ OUTPATIENT TESTING
- ☐ PUBLIC TOILET
- ☐ STAIR
- ☐ WAITING AREA

① FIRST FLOOR DEPARTMENTAL AREA - AREA A  
1" = 20'-0"

Life Structures

ATT-8, 3 of 14

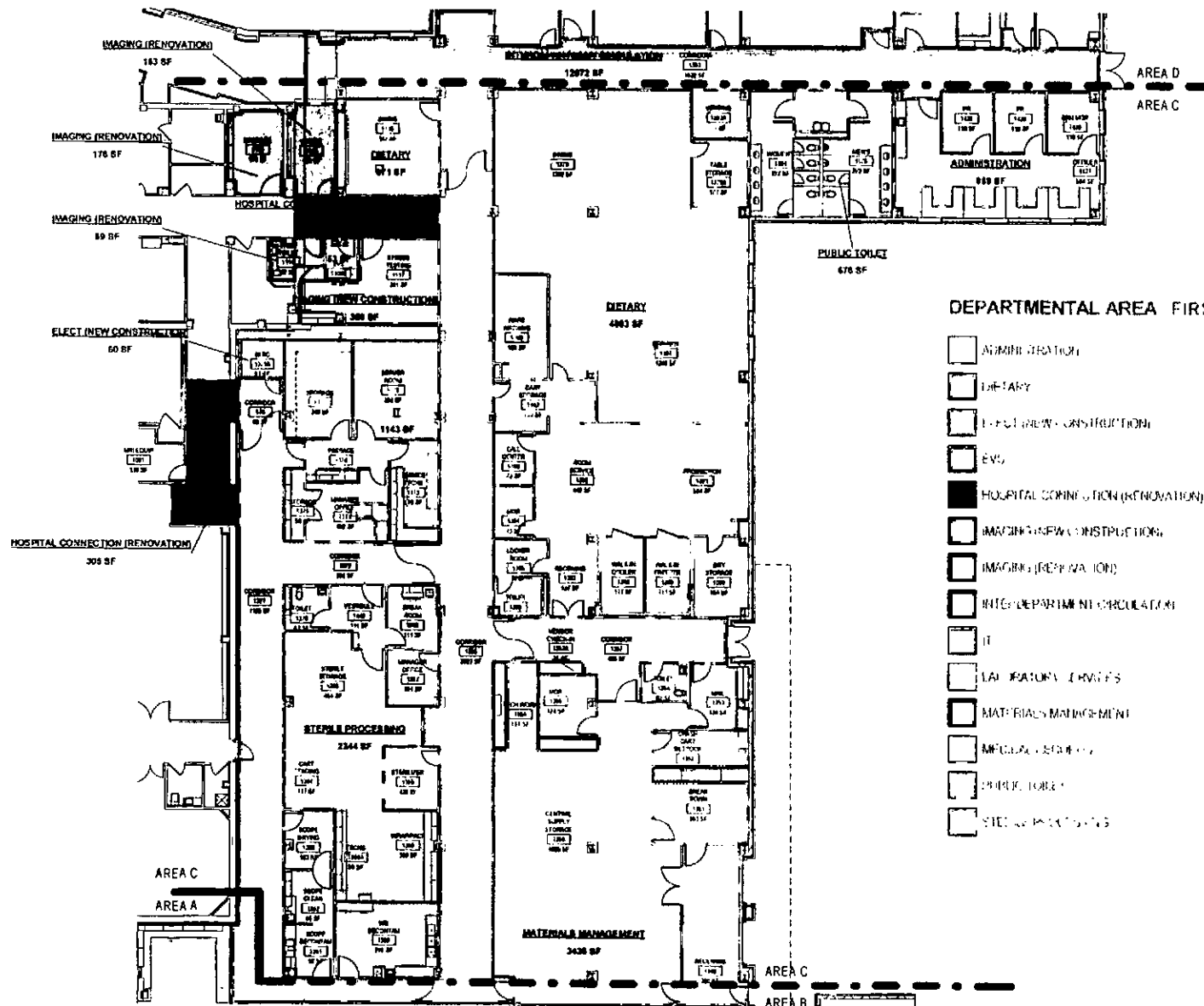
TAYLORVILLE MEMORIAL HOSPITAL/ ADDITION  
FIRST FLOOR DEPARTMENTAL AREA - AREA B



① FIRST FLOOR DEPARTMENTAL PLAN - AREA B  
1" = 20'-0"

1051  
LifeStructures

TAYLORVILLE MEMORIAL HOSPITAL ADDITION  
FIRST FLOOR DEPARTMENTAL AREA - AREA C



DEPARTMENTAL AREA FIRST FLOOR AREA C

- ☐ ADMINISTRATION
- ☐ DIETARY
- ☐ ELECT (NEW CONSTRUCTION)
- ☐ EVS
- ☐ HOSPITAL CONNECTION (RENOVATION)
- ☐ IMAGING (NEW CONSTRUCTION)
- ☐ IMAGING (RENOVATION)
- ☐ INTER DEPARTMENT CIRCULATION
- ☐ IT
- ☐ LABORATORY SERVICES
- ☐ MATERIALS MANAGEMENT
- ☐ MEDICAL RECORDS
- ☐ PUBLIC TOURIST
- ☐ STERILE PROCESSING

① FIRST FLOOR DEPARTMENTAL PLAN - AREA C  
1" = 20'-0"

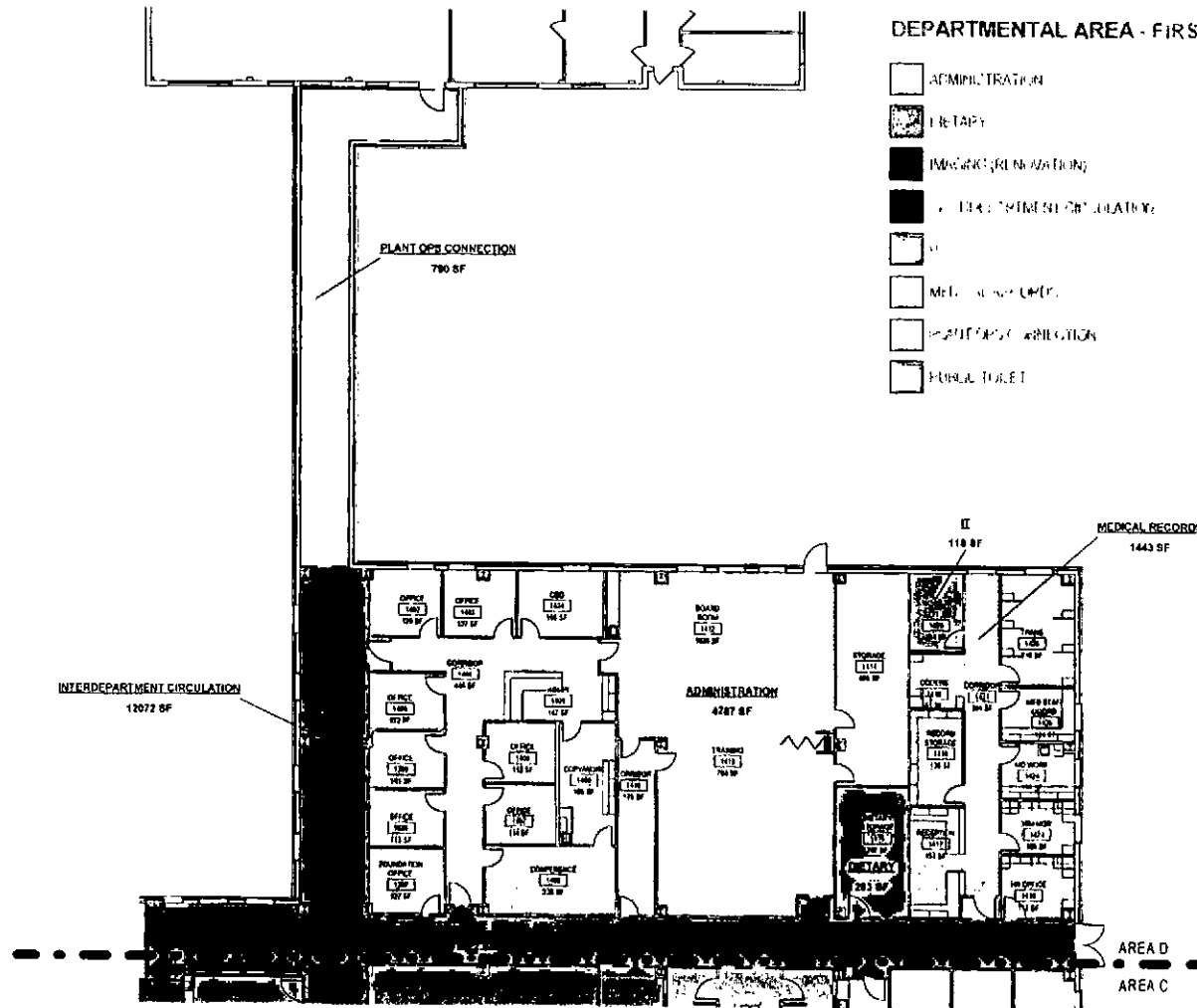
*Life Structures*

ATT-8, 5 of 14

TAYLORVILLE MEMORIAL HOSPITAL/ ADDITION  
FIRST FLOOR DEPARTMENTAL AREA - AREA D

DEPARTMENTAL AREA - FIRST FLOOR AREA D

- ADMINISTRATION
- RECEPTION
- IMAGING/RECEPTION
- TREATMENT/OPERATING
- STAFF
- MEDICAL OFFICE
- PATIENTS/RECEPTION
- PUBLIC TOILET



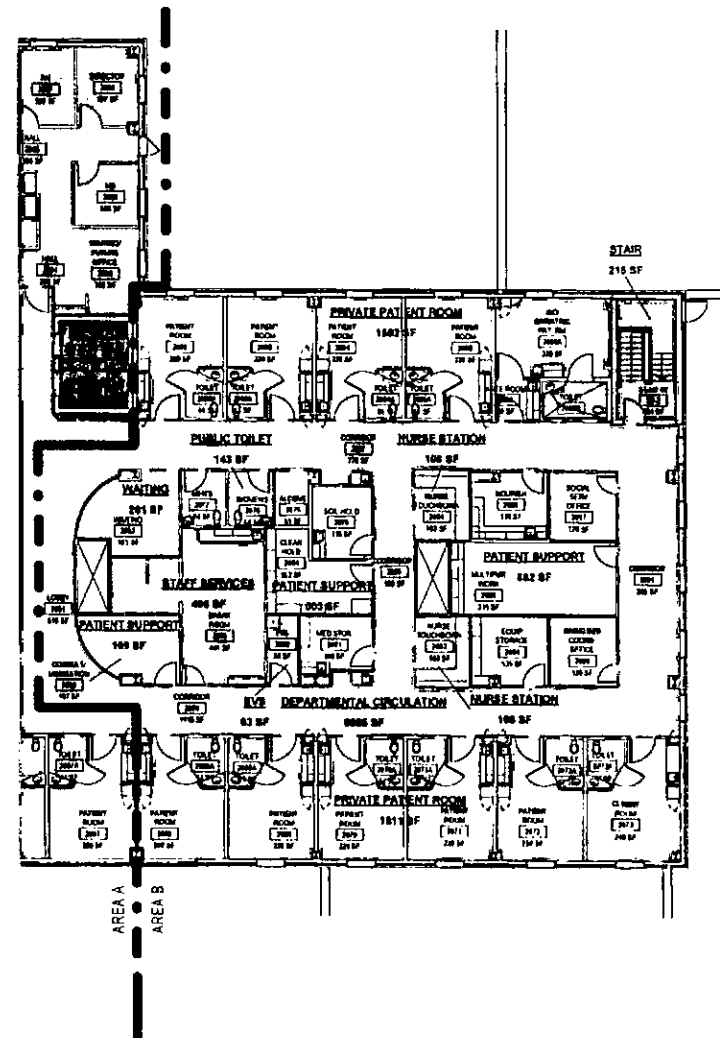
① FIRST FLOOR DEPARTMENTAL PLAN - AREA D  
1" = 20'-0"

*Life Structures*

ATT-8, 6/28/14



TAYLORVILLE MEMORIAL HOSPITAL ADDITION  
SECOND FLOOR DEPARTMENTAL AREA - AREA B



DEPARTMENTAL AREA - SECOND FLOOR AREA B

- ☐ DEPARTMENTAL CIRCULATION
- ☐ ELEVATOR
- ☐ EVS
- ☐ NURSE STATION
- ☐ PATIENT SUPPORT
- ☐ PRIVATE PATIENT ROOM
- ☐ PUBLIC TOILET
- ☐ SENIOR LIFE ADVICE
- ☐ STAIR
- ☐ WAITING

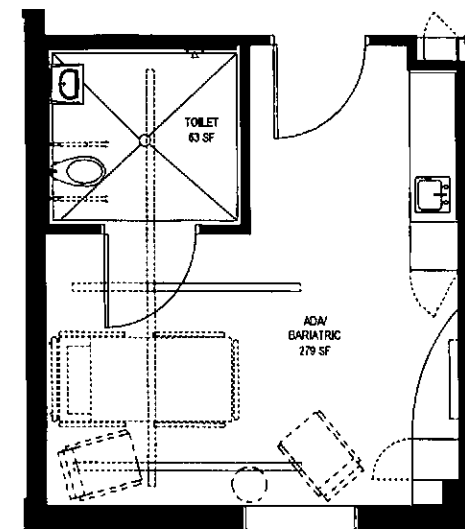
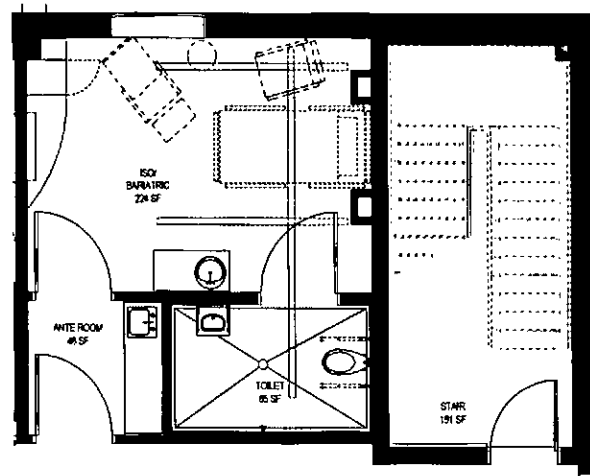
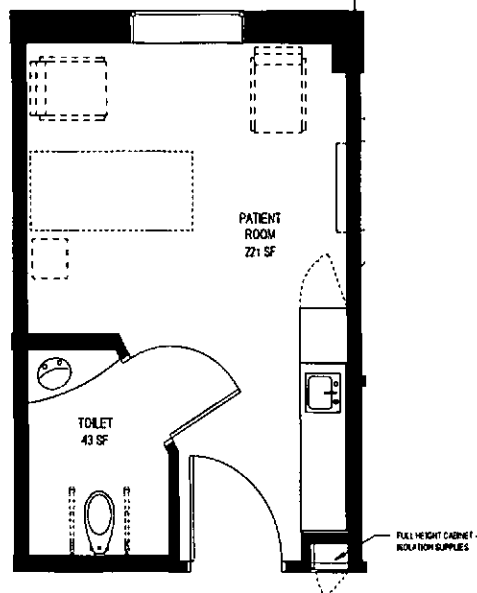
① SECOND FLOOR DEPARTMENTAL PLAN - AREA B  
1" = 20'-0"

*LifeStructures*

ATT-8, 8 of 14



57



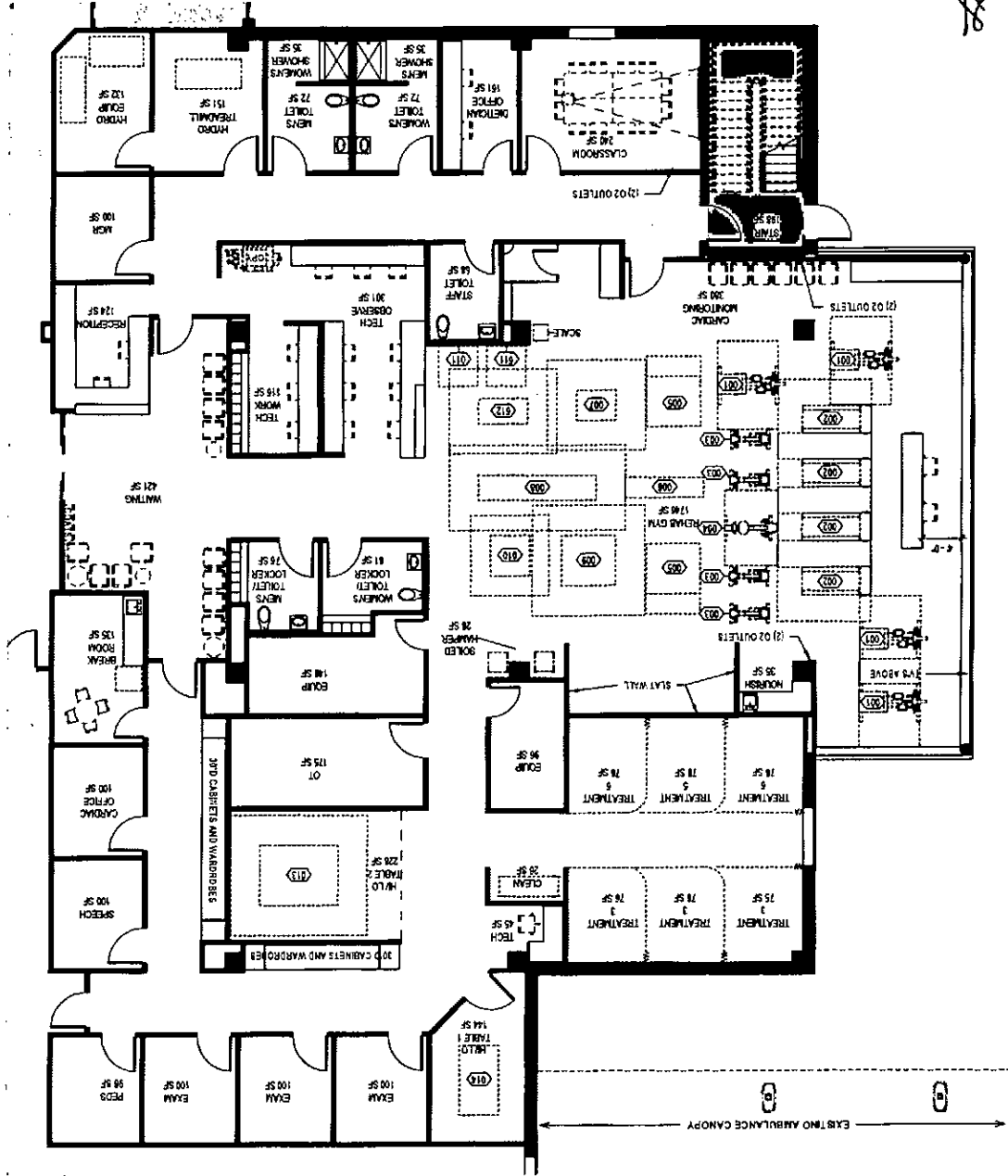
BSA  
*LifeStructures*

ATT-8, 9 of 14

**Department Legend**

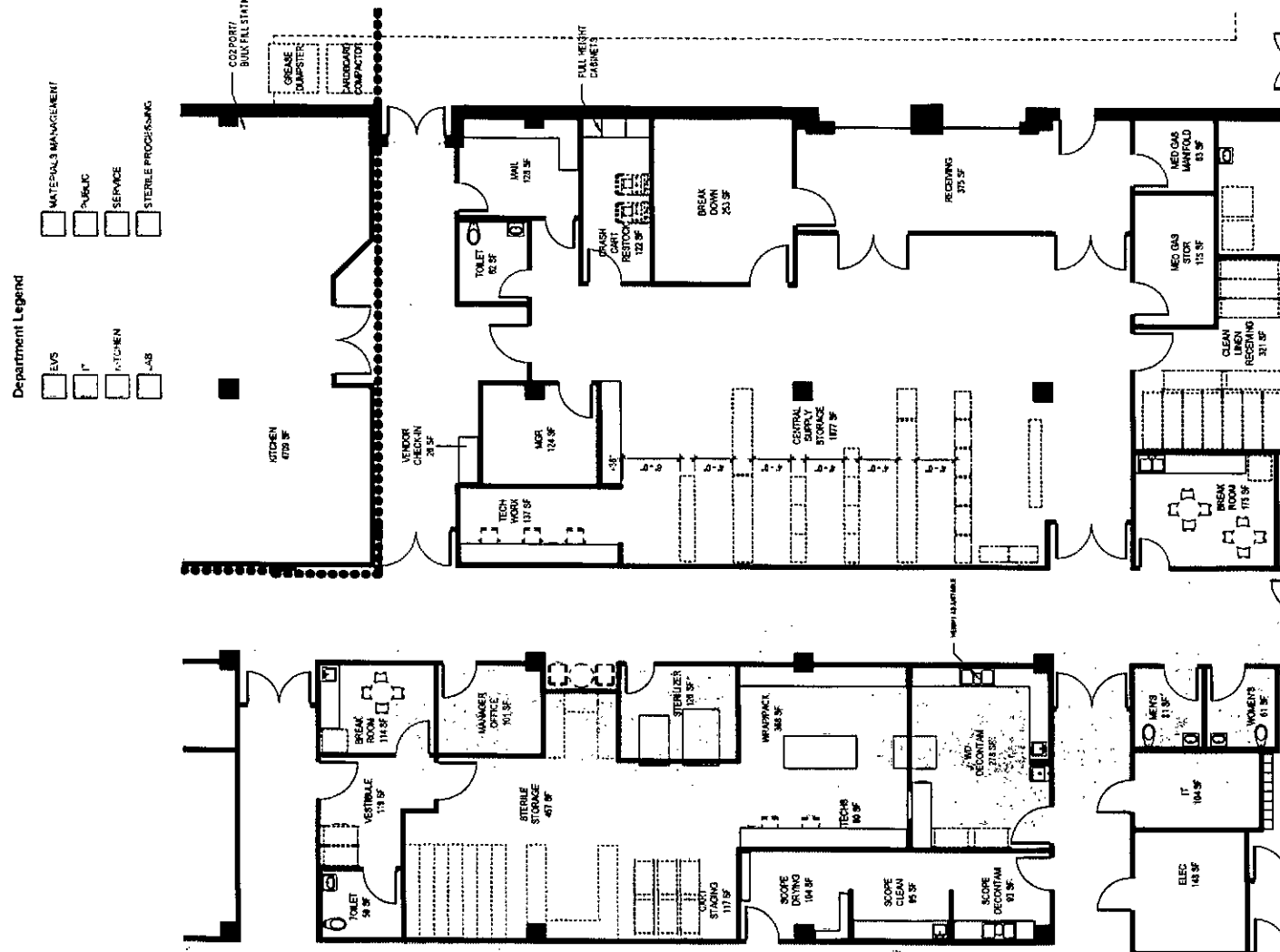
☐ PUBLIC  
☐ REHAB  
☐ VERTICAL CIRCULATION

| NUMBER | NAME       | QUANTITY |
|--------|------------|----------|
| 001    | TRAMPOLINE | 1        |
| 002    | TRAMPOLINE | 1        |
| 003    | TRAMPOLINE | 1        |
| 004    | TRAMPOLINE | 1        |
| 005    | TRAMPOLINE | 1        |
| 006    | TRAMPOLINE | 1        |
| 007    | TRAMPOLINE | 1        |
| 008    | TRAMPOLINE | 1        |
| 009    | TRAMPOLINE | 1        |
| 010    | TRAMPOLINE | 1        |
| 011    | TRAMPOLINE | 1        |
| 012    | TRAMPOLINE | 1        |
| 013    | TRAMPOLINE | 1        |
| 014    | TRAMPOLINE | 1        |



BS-1  
*Life Structures*

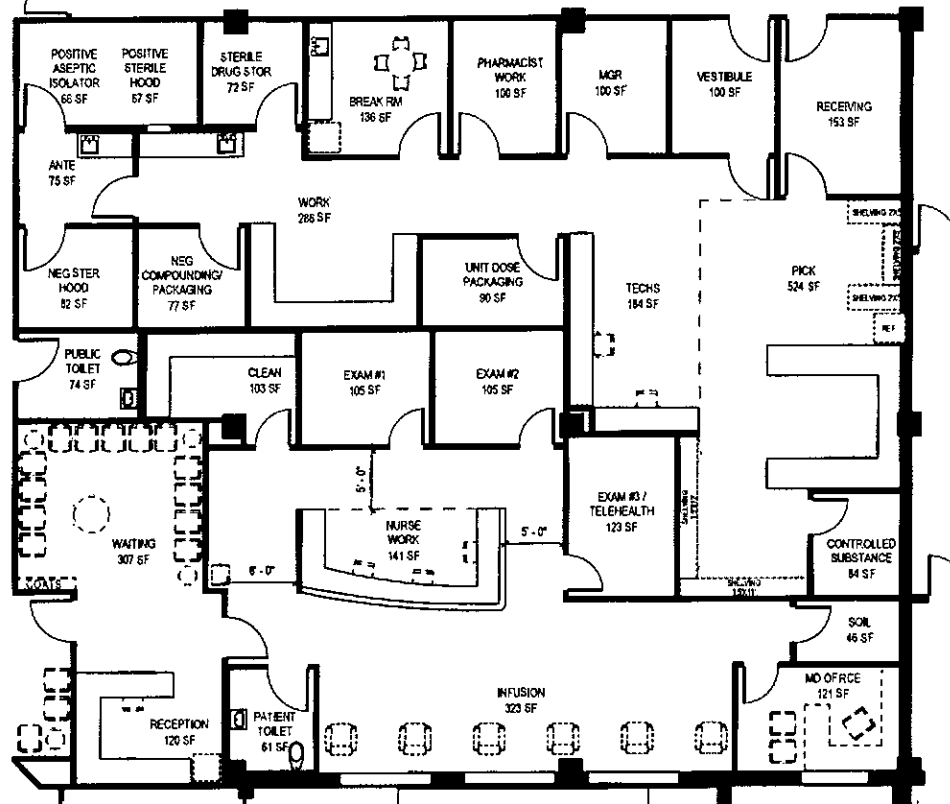
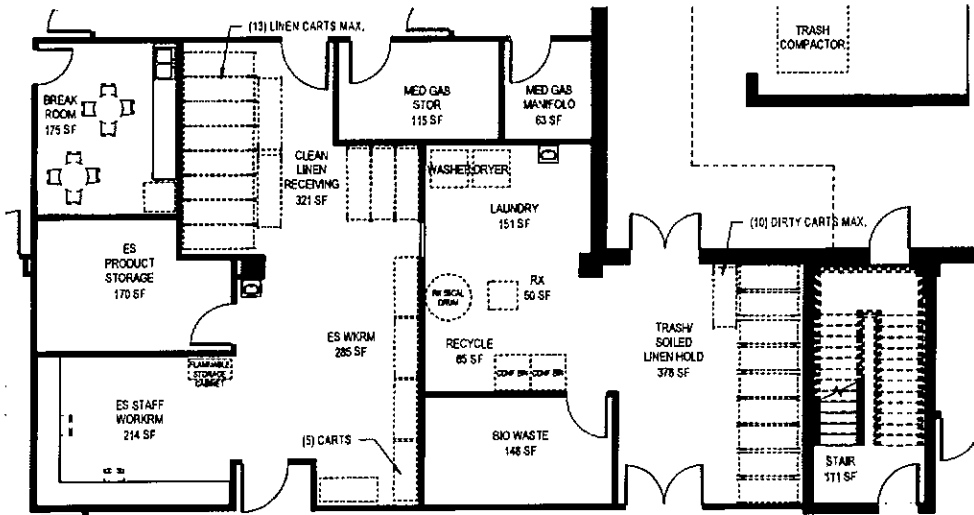
ATT-8, 110614



10

**Department Legend**

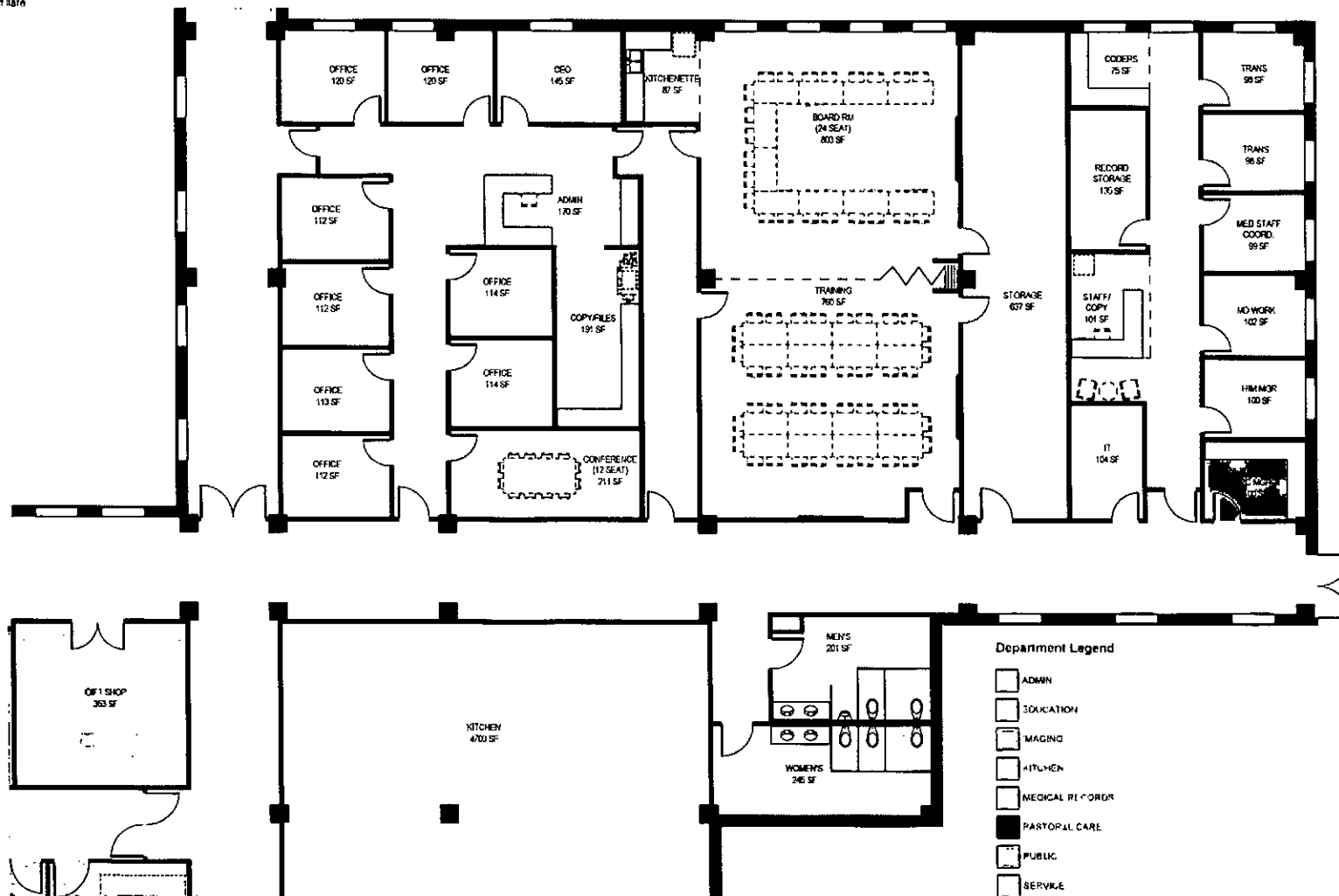
- |                      |                      |
|----------------------|----------------------|
| SERVICE              | SPECIALTY CLINIC     |
| MATERIALS MANAGEMENT | VERTICAL CIRCULATION |
| PHARMACY             |                      |
| PUBLIC               |                      |



TAYLORVILLE MEMORIAL HOSPITAL AND RENOVATIONS  
**ENLARGED EVS, PHARMACY, AND SPECIALTY CLINIC**  
25 JULY 2017

RS1  
*of the function.*

ATT-8, 13 of 14



BSA  
*Life Structures*

ATT-8, 140614

## Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

| Dept. / Area                                               | Cost              | Gross Square Feet (DGSF) |               | Amount of Proposed Total Gross Square Feet (DGSF) That Is: |              |       |                |
|------------------------------------------------------------|-------------------|--------------------------|---------------|------------------------------------------------------------|--------------|-------|----------------|
|                                                            |                   | Existing                 | Proposed      | New Const.                                                 | Modernized   | As Is | Vacated Space  |
| <b>REVIEWABLE</b>                                          |                   |                          |               |                                                            |              |       |                |
| Medical /Surgical                                          | 9,563,748         | 17,878                   | 13,611        | 13,611                                                     |              |       | 17,878         |
| Laboratory                                                 | 2,360,048         | 4,400                    | 3,751         | 3,751                                                      |              |       | 4,400          |
| Outpatient Rehabilitation (OT/PT/Other)                    | 4,424,147         | 7,415                    | 8,621         | 8,621                                                      |              |       | 7,415          |
| Diagnostics and Testing                                    | 3,549,196         | 755                      | 5,641         | 5,641                                                      |              |       | 755            |
| Stress Testing                                             | 476,917           | 835                      | 758           | 350                                                        | 408          |       | 427            |
| Sterile Processing                                         | 1,411,876         | 1,294                    | 2,244         | 2,244                                                      |              |       | 1,294          |
| Pharmacy                                                   | 1,565,396         | 1,296                    | 2,488         | 2,488                                                      |              |       | 1,296          |
| Telehealth                                                 | 77,389            | 100                      | 123           | 123                                                        |              |       | 100            |
| MD specialists clinic & support                            | 912,309           | 950                      | 1,450         | 1,450                                                      |              |       | 950            |
| Medical Records                                            | 907,905           | 4,079                    | 1,443         | 1,443                                                      |              |       | 4,079          |
| Rehabilitation for Medical Surgical and Swing Bed Patients | 1,046,324         | 2,515                    | 1,663         | 1,663                                                      |              |       | 2,515          |
| Senior Life Solutions – Behavioral Health Day Program      | 1,377,272         | 1,855                    | 2,189         | 2,189                                                      |              |       | 1,855          |
| <b>Total Clinical</b>                                      | <b>27,672,527</b> | <b>43,372</b>            | <b>43,982</b> | <b>43,574</b>                                              | <b>408</b>   |       | <b>42,964</b>  |
| <b>NON REVIEWABLE</b>                                      |                   |                          |               |                                                            |              |       |                |
| Staff services/support                                     | 610,342           | 1,150                    | 970           | 970                                                        |              |       | 1,150          |
| Dietary                                                    | 3,534,321         | 6,475                    | 5,617         | 5,617                                                      |              |       | 6,475          |
| Pastoral Care                                              | 83,686            | 1,200                    | 133           | 133                                                        |              |       | 1,200          |
| Electrical                                                 | 946,974           | 2,000                    | 1,505         | 968                                                        | 537          |       | 1,463          |
| Central Utilities                                          | 3,475,174         | 8,470                    | 5,523         | 5,523                                                      |              |       | 8,470          |
| Mechanical                                                 | 210,159           | 0                        | 334           | 334                                                        |              |       | 0              |
| Environmental Services                                     | 1,428,326         | 1,500                    | 2,270         | 2,270                                                      |              |       | 1,500          |
| Materials Management                                       | 2,161,995         | 1,355                    | 3,436         | 3,436                                                      |              |       | 1,355          |
| Information Systems                                        | 1,035,694         | 1,299                    | 1,646         | 1,646                                                      |              |       | 1,299          |
| Administration                                             | 3,615,490         | 15,518                   | 5,746         | 5,746                                                      |              |       | 15,518         |
| Plant Operations Connection                                | 497,083           | 2,050                    | 790           | 790                                                        |              |       | 2,050          |
| Elevator                                                   | 463,734           | 2,503                    | 737           | 737                                                        |              |       | 2,503          |
| Entrance                                                   | 242,249           | 0                        | 385           | 385                                                        |              |       | 0              |
| Hospital Connection                                        | 475,060           | 755                      | 755           |                                                            | 755          |       | 0              |
| Interdepartment Circulation & Corridors                    | 11,802,253        | 28,070                   | 18,757        | 18,757                                                     |              |       | 28,070         |
| Public Spaces (Toilets, Stairs, Waiting)                   | 1,707,070         | 2,180                    | 2,713         | 2,713                                                      |              |       | 2,180          |
| <b>Total Non-clinical</b>                                  | <b>32,289,611</b> | <b>74,525</b>            | <b>51,317</b> | <b>50,562</b>                                              | <b>1,292</b> |       | <b>73,233</b>  |
| <b>TOTAL</b>                                               | <b>59,962,138</b> | <b>117,897</b>           | <b>95,299</b> | <b>93,599</b>                                              | <b>1,700</b> |       | <b>116,197</b> |

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

## **Cost Space Requirements**

### Vacated Space

The old 5 story 1954 hospital building consists of 116,197 dgsf will be vacated and demolished as part of the project.

## SECTION II. DISCONTINUATION

### Criterion 1110.130 – Discontinuation (State-Owned Facilities and Relocation of ESRD's)

READ THE REVIEW CRITERION and provide the following information:

#### GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

#### REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

#### IMPACT ON ACCESS

1. Document whether or not the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

#### GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.  
  
Three (3) ICU beds are being discontinued to be re-categorized as three (3) medical surgical beds.
2. Identify all of the other clinical services that are to be discontinued.



No other clinical services will be discontinued.

3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.

The anticipated date of discontinuation of the ICU beds is 6/30/2022, when the project is completed.

4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.

This is not applicable, the current ICU beds are located in the old 5-story, 1954 building that will be demolished as part of this project and the new 25-bed medical surgical beds will be located in a newly constructed facility.

5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.

This is not applicable. The hospital will retain all the medical records pertaining to patients formerly treated in ICU beds and care for these patients in medical surgical beds in the future if and when the need arises.

6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

This is not applicable. The entire hospital facility is not being discontinued.

## REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.130(b) for examples.

The reason for the discontinuation of the three (3) ICU beds and, therefore this category of service is to re-categorize these beds as medical surgical beds to designate all 25 of TMH beds as medical surgical beds which is most appropriate, given the hospital's Critical Access Hospital designation and scope of services.

## IMPACT ON ACCESS

1. Document whether or not the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.

The applicant is located in State Planning Area E-01. Intensive Care Bed Need for this Planning Area is noted in the table below.

| Bed Need with Discontinuation of TMH Beds |                         |                                         |                                                  |
|-------------------------------------------|-------------------------|-----------------------------------------|--------------------------------------------------|
| Service                                   | E-01 Planning Area Beds | Taylorville Memorial Hospital (Current) | E-01 Planning Area Bed Calculation Excess (Need) |
| Intensive Care Beds                       | 100                     | 3                                       | -27                                              |
| <b>Total</b>                              |                         |                                         |                                                  |

There are four hospitals located within 45 minutes of the applicant that provide the Intensive Care Category of Service. Distances, existing bed capacity and ICU occupancy percentages at each of these four hospitals is noted in the table below.

| Facilities within 45 minutes of Taylorville Memorial Hospital |             |         |                |        |
|---------------------------------------------------------------|-------------|---------|----------------|--------|
| Facilities                                                    | City        | Minutes | Intensive Care |        |
|                                                               |             |         | Beds           | Occ    |
| HSHS St. John's Hospital                                      | Springfield | 36      | 48             | 71.10% |
| Memorial Medical Center (Affiliate)                           | Springfield | 36      | 49             | 80.40% |
| HSHS St. Mary's Hospital                                      | Decatur     | 38      | 14             | 46.50% |
| Decatur Memorial Hospital                                     | Decatur     | 41      | 32             | 67.68% |

The discontinuation of the ICU category of service will have no impact on access to care for residents of the facility's market area because the hospital will only continue to serve its own patient population in beds now categorized as medical surgical beds.

2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.

Below is a list of hospitals that provide the Intensive Care Category of Service and their respective distances from Taylorville Memorial Hospital. A map of area is also included. (Source: Mapquest):

Taylorville Memorial Hospital → HSHS St. John's Hospital (Springfield) – 36 min, 28.0 miles  
Taylorville Memorial Hospital → Memorial Medical Center (Affiliate) (Springfield) – 36 min, 28.3 miles  
Taylorville Memorial Hospital → HSHS St. Mary's Hospital (Decatur) – 38 min, 29.1 miles  
Taylorville Memorial Hospital → Decatur Memorial Hospital (Decatur) – 41 min, 30.2 miles





October 23, 2017

Kimberly L. Bourne  
President and CEO  
Taylorville Memorial Hospital  
201 East Pleasant Street  
Taylorville, IL 62568

Re: Discontinuation of three (3) ICU Beds

Dear Ms. Bourne:

I am writing in response to our letter regarding the planned discontinuation of three (3) ICU Beds at Taylorville Memorial Hospital.

Decatur Memorial Hospital has sufficient capacity to accommodate the needs of all or a significant portion of the Taylorville Memorial Hospital's three (3) ICU Beds. Our facility can meet this need without restriction or limitations that would preclude us from providing inpatient services to residents of the Christian County market area.

If you have any questions please contact me at 217-876-2114 (ph) or [tims@dmhhs.org](mailto:tims@dmhhs.org) (e-mail).

Thank you.

Sincerely,

Timothy D. Stone, Jr.  
President & CEO  
Decatur Memorial Hospital

ATT-10 Page 5 of 8

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701 North First Street • Springfield, Illinois 62781-0001  
www.memorialmedical.com • Phone (217) 788-3000  
A Memorial Health System Affiliate

December 13, 2017

Kimberly L. Bourne  
President and CEO  
Taylorville Memorial Hospital  
201 East Pleasant Street  
Taylorville, IL 62568

Re: Discontinuation of three (3) ICU Beds

Dear Ms. Bourne:

I am writing in response to your letter regarding the planned discontinuation of three (3) ICU Beds at Taylorville Memorial Hospital.

Memorial Medical Center has sufficient capacity to accommodate the needs of all or a significant portion of the Taylorville Memorial Hospital's three (3) ICU beds. Our facility can meet this need without restriction or limitations that would preclude us from providing inpatient services to residents of the Christian County market area.

If you have any questions please contact me at 217-788-3851 or [england.kevin@mhsil.com](mailto:england.kevin@mhsil.com). Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "K. England", written over a horizontal line.

Kevin R. England  
Senior Vice President, Business Development  
Memorial Medical Center

October 20, 2017

Charles Lucore, MD  
HSHS St. John's Hospital  
800 East Carpenter Street  
Springfield, IL 62769-0002

Re: Discontinuation of three (3) ICU Beds

Dear Dr. Lucore:

I am writing to inform you that Taylorville Memorial Hospital will soon be filing a Certificate of Need (CON) with the Illinois Health Facilities and Services Review Board to discontinue three (3) ICU Beds. Our desire is to re-classify these beds as three (3) medical surgical beds. The CON application requires that we request letters from each hospital located within 45 minutes travel time from our hospital stating what impact closing our unit may have on your facility. The discontinuation of the ICU category of service will have no impact on access to care in the Christian County market area. Taylorville Memorial Hospital will continue to serve the same patient population in the re-categorized medical surgical beds, and furthermore, should not have any negative impact on your facility.

Enclosed is a sample letter that we prepared for your reference and editing, as appropriate. Please return your letter in the enclosed stamped envelope on your facility's letterhead by November 17, in order for us to include your letter in our CON application. If you do not respond, we will assume the discontinuation has no impact on your facility.

If you have questions, please contact me (217-824-1600 or [bourne.kim@mhsil.com](mailto:bourne.kim@mhsil.com)) or Michael Curtis, who is preparing our CON application (217-757-4281 or [curtis.michael@mhsil.com](mailto:curtis.michael@mhsil.com)) Thank you.

Sincerely,



Kimberly L. Bourne  
President and CEO  
Taylorville Memorial Hospital

enc. Sample Letter  
Return Envelope

ATT-10 Page 7 of 8

**TAYLORVILLE**  
**Memorial**  
H O S P I T A L

A Memorial Health System Affiliate

201 East Pleasant Street • Taylorville, Illinois 62568  
Phone (217) 824-3331 • [TaylorvilleMemorial.org](http://TaylorvilleMemorial.org)

October 20, 2017

Joan Coffman  
HSHS St. Mary's Hospital  
1800 East Lake Shore Drive  
Decatur, IL 62521-3883

Re: Discontinuation of three (3) ICU Beds

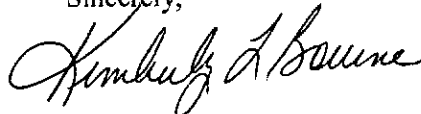
Dear Ms. Coffman:

I am writing to inform you that Taylorville Memorial Hospital will soon be filing a Certificate of Need (CON) with the Illinois Health Facilities and Services Review Board to discontinue three (3) ICU Beds. Our desire is to re-classify these beds as three (3) medical surgical beds. The CON application requires that we request letters from each hospital located within 45 minutes travel time from our hospital stating what impact closing our unit may have on your facility. The discontinuation of the ICU category of service will have no impact on access to care in the Christian County market area. Taylorville Memorial Hospital will continue to serve the same patient population in the re-categorized medical surgical beds, and furthermore, should not have any negative impact on your facility.

Enclosed is a sample letter that we prepared for your reference and editing, as appropriate. Please return your letter in the enclosed stamped envelope on your facility's letterhead by November 17, in order for us to include your letter in our CON application. If you do not respond, we will assume the discontinuation has no impact on your facility.

If you have questions, please contact me (217-824-1600 or [bourne.kim@mhsil.com](mailto:bourne.kim@mhsil.com)) or Michael Curtis, who is preparing our CON application (217-757-4281 or [curtis.michael@mhsil.com](mailto:curtis.michael@mhsil.com)) Thank you.

Sincerely,



Kimberly L. Bourne  
President and CEO  
Taylorville Memorial Hospital

enc. Sample Letter  
Return Envelope

ATT-10 Page 8 of 8

**Criterion 1110.230**

**BACKGROUND OF APPLICANT – ATTACHMENT 11**

1. Memorial Health System (MHS) is the sole corporate member of Passavant Area Hospital, an Illinois not-for-profit corporation.

MHS is also the sole corporate members of the following Illinois health care facilities, as defined under the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

The identification numbers of each of these health care facilities is shown below, along with their names and locations.

| <u>Name and Location of Facility</u>                      | <u>Identification Numbers</u>                                                 |
|-----------------------------------------------------------|-------------------------------------------------------------------------------|
| Passavant Area Hospital<br>Jacksonville, Illinois         | Illinois License ID # 1792<br>Joint Commission ID # 7362                      |
| Memorial Medical Center<br>Springfield, Illinois          | Illinois License ID # 1487<br>Joint Commission ID # 7431                      |
| Abraham Lincoln Medical Center<br>Lincoln, Illinois       | Illinois License ID # 5728<br>Joint Commission ID # 7373                      |
| Taylorville Memorial Hospital<br>Taylorville, Illinois    | Illinois License ID # 5447<br>Joint Commission ID # 4745                      |
| Orthopaedic Surgery Center of Illinois<br>Springfield, IL | Illinois License ID # 7002306<br>Accred. Assn. for Amb. Healthcare ID # 20882 |

Proof of the current licensure and accreditation for the health care facility co-applicant, Taylorville Memorial Hospital will be found at the end of this Attachment.

2. A letter from Memorial Health System certifying that Taylorville Memorial Hospital and the hospitals and Ambulatory Surgery Treatment Center that are affiliated with MHS have not had any adverse action taken against them during the past three years and authorizing the Illinois Health Facilities and Services Review Board and Illinois Department of Public Health to access any documents necessary to verify the information submitted in response to this subsection will be found on the final page of this Attachment.





January 12, 2018

Courtney R. Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson Street - Second Floor  
Springfield, IL 62702

Dear Ms. Avery:

Memorial Health System is a co-applicant with Taylorville Memorial Hospital (TMH) for the project to complete a major modernization with new construction of the TMH medical surgical beds and other support services in Taylorville, Illinois.

Memorial Health System or its subsidiaries own or operate the following health care facilities, as defined in the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

Memorial Medical Center, Springfield, IL  
Abraham Lincoln Memorial Hospital, Lincoln, IL  
Passavant Area Hospital, Jacksonville, IL  
Taylorville Memorial Hospital, Taylorville, IL  
Orthopaedic Surgery Center of Illinois, Springfield, IL

We hereby certify that, during the past three years, there has been no adverse action taken against Memorial Health System or any of the health care facilities owned or operated by its subsidiaries by any regulatory agency which would affect its ability to operate as a licensed facility.

Memorial Health System hereby authorizes the Illinois Health Facilities and Service Review Board and the Illinois Department of Public Health to access all information necessary to verify any documentation or information submitted in response to the requirements of the "Background of Applicant" subsection (77 IAC 1110.230.b)), or to obtain any documentation or information which the State Board or Agency finds pertinent to this same subsection.

Sincerely,

Edgar J. Curtis  
President and CEO  
Memorial Health System



**Illinois Department of  
PUBLIC HEALTH**

HF112771

**LICENSE, PERMIT, CERTIFICATION, REGISTRATION**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

**Nirav D. Shah, M.D.,J.D.**  
**Director**

Issued under the authority of  
the Illinois Department of  
Public Health

| EXPIRATION DATE                 | CATEGORY | I.D. NUMBER |
|---------------------------------|----------|-------------|
| 4/30/2018                       |          | 0005447     |
| <b>Critical Access Hospital</b> |          |             |
| <b>Effective: 05/01/2017</b>    |          |             |

**Taylorville Memorial Hospital**  
**201 East Pleasant St**  
**Taylorville, IL 62568**

The face of this license has a colored background. Printed by Authority of the State of Illinois • P.O. #48240 5M 5/16

← **DISPLAY THIS PART IN A  
CONSPICUOUS PLACE**

**Exp. Date 4/30/2018**

**Lic Number 0005447**

**Date Printed 2/23/2017**

**Taylorville Memorial Hospital**

**201 East Pleasant St**  
**Taylorville, IL 62568**

**FEE RECEIPT NO.**

# Taylorville Memorial Hospital

Taylorville, IL

has been Accredited by




## The Joint Commission


Which has surveyed this organization and found it to meet the requirements for the  
Critical Access Hospital Accreditation Program

March 3, 2017

Accreditation is customarily valid for up to 36 months.

  
Craig W. Jones, FACHE  
Chair, Board of Commissioners

ID #4745  
Print/Reprint Date: 05/03/2017

  
Mark R. Chassin, MD, FACP, MPP, MPH  
President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at [www.jointcommission.org](http://www.jointcommission.org).



AMAA  
AMERICAN  
MEDICAL  
ASSOCIATION



# Taylorville Memorial Hospital

Taylorville, IL

has been Accredited by



## The Joint Commission


Which has surveyed this organization and found it to meet the requirements for the  
Laboratory Accreditation Program

January 20, 2017

Accreditation is customarily valid for up to 24 months.

  
Craig W. Jones, PhD  
Chair, Board of Commissioners

ID #4745  
Print/Reprint Date: 03/23/2017

  
Mark R. Chassin, MD, FACP, MPP, MPH  
President

The Joint Commission is an independent, not-for-profit national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at [www.jointcommission.org](http://www.jointcommission.org).



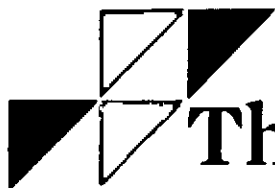
# **Taylorville Memorial Hospital**

**Taylorville, IL**

**Laboratory CLIA # 14D0721776**

Valid for two years from January 20, 2017

has been surveyed and accredited by



**The Joint Commission**

*Mark Chassin*

Mark Chassin, M.D.  
President

Organization ID#: 4745  
Print/Reprint Date 04/06/17

*Mark Pelletier*

Mark Pelletier, R.N., M.S.  
Chief Operating Officer  
Accreditation and Certification Operations

**Criterion 1110.230**

**PURPOSE OF PROJECT – ATTACHMENT 12**

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.

Taylorville Memorial Hospital is a 25-bed Critical Access Hospital located in Taylorville, Illinois in Christian County 17.6 miles from the only other hospital in Christian County, Pana Community Hospital. The proposed project was developed to allow the hospital to provide services in a modern and efficient manner in order to improve the health care and well-being of the population it serves.

The applicant replaced many of its core clinical services in 2011 (CON #09-017), including surgery, radiology, imaging and emergency department as well as creating a new front entrance and main lobby.

This project will retain the newest 2011 facilities and replace the rest of the hospital with new construction. All the services being replaced will be located on ground level except for a new 25-bed medical surgical unit, a behavioral health day program for seniors and a rehabilitation space for medical surgical and swing bed patients which will be located on the 2<sup>nd</sup> floor in new construction. The new facilities will be connected to the building completed in 2011 (CON #09-017).

Once the new two story building construction is completed, the hospital will demolish the old 1954, 5-story hospital building. The hospital will retain its current plant operations building and connect it back to the new construction via a newly constructed "Plant Ops Connection."

When completed, this project will improve the health care and well-being of the market area population by replacing services including existing medical-surgical beds located in a 63 year old 5-story building constructed in 1954, with new, modern, appropriately sized and configured facilities. In addition to replacing the existing medical/surgical beds, the project will replace other services including laboratory, pharmacy, rehabilitation (PT/OT/Other), sleep lab, stress testing, respiratory therapy and behavioral health day program for seniors. Other non-clinical areas will also be replaced including administration, environmental services, materials management, information systems, plant operations, physical plant, mechanic and other support offices.

2. Define the planning area or market area, or other, per the applicant's definition.

Taylorville Memorial Hospital is located in the State-defined Planning Area E-01. The market area for this project is Christian county and northern Montgomery County. The market area for this project includes those zip codes in which 0.5% or more of Taylorville Memorial Hospital's medical and surgical cases reside. These zip codes are shown in the patient origin chart below for its medical and surgical patients during the recent 12-month period of January 1, 2016 through December 31, 2016. Of these zip codes, 87.7% (January 1, 2016 through December 31, 2016) are located within Christian County as noted in the second chart below.

3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project.

The primary problems that will be corrected as a result of this project is the lack of modern, appropriately sized and configured medical-surgical rooms and replacement of deteriorated 63-year old, 5-story hospital building. Specific information regarding the increasing functional obsolescence of the Medical-Surgical Category of Service and need for private, Medical-Surgical beds is presented in more detail in Attachment 19. The existing support services also need to be reconfigured and updated in order to meet the hospital's current demands and to serve patient needs into the future. The existing hospital building was built in 1954, has an aging and inefficient infrastructure and no longer meets contemporary design standards. The 5-story structure also creates long travel distances and delays for patients and families to access needed services and inefficiencies for support staff functions.

4. Cite the sources of information provided as documentation.

The sources of information provided as documentation are the following:

- Hospital records regarding the age of the buildings;
  - Illinois Hospital Licensing Requirements (77 Ill. Adm. Code 250);
  - Illinois Department of Public Health, Annual Life Safety Code Survey report for survey completed November 23, 2011.
  - Agency for Healthcare Research and Quality, Public Health Service, U.S. Department of Health and Human Services, "The Safety Net Monitoring Initiative," AHRQ Pub. No. 03-PO11, August, 2003)
  - Standards for Accessible Design: ADA Accessibility Guidelines for Buildings and Facilities, 28 Code of Federal Regulations, 36.406.ADAAG (Americans with Disabilities Act);
  - National Fire Protection Association, NFPA 101: Life Safety Code (2015 Edition);
  - The Facilities Guidelines Institute and The American Institute of Architects Academy of Architecture for Health with assistance from the U.S. Department of Health and Human Services, 2014 Guidelines for Design and Construction of Health Care Facilities;
  - Reports by the hospital's architects and engineers; BSA Life Structures; Crawford, Murphy and Tilly (CMT); Hanson Engineering.
- Illinois Hospital Association, COMPdata, January 1, 2016 – December 31, 2016
- Health Resources and Services Administration (HRSA) of the United States Department of Health and Human Services (HHS), Medically Underserved Areas and Populations

by State and County, <http://muafind.hrsa.gov/index.aspx> for Christian County in Illinois;

- Health Resources and Services Administration (HRSA) of the United States Department of Health and Human Services (HHS), Health Professional Shortage Areas by State and County, <http://hpsafind.hrsa.gov/HPSASearch.aspx> for Christian County in Illinois.

5. Detail how this project will address or improve the previously referenced issues, as well as the population's health status and well-being.

This project will demolish and replace the 63-year old, 5-story portion of the Taylorville Memorial Hospital with a new facility that incorporates the most contemporary design, patient safety and infrastructure features. Inpatient facilities will include modern, all-private medical surgical patient rooms in a contemporary environment for the patients receiving care in these areas. Outpatient areas will be more accessible to patients in the new facility with shorter travel times for patients. This project will also enable Taylorville Memorial Hospital to continue to provide much-needed services to the low income and uninsured that reside and work within the market area for this project. All of Christian County is designated a Health Professional Shortage Area and two townships (Locust and Pana) in the Christian County Pana/Ricks Service Area are designated as Medically Underserved Areas. All of Montgomery County is also designated a Health Professional Shortage Area. (See last chart at the end of this attachment.) This project will have a positive impact on essential safety net services provided to patients who are low-income and otherwise vulnerable, including those uninsured and covered by Medicaid in Christian and northern Montgomery Counties.

6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

Taylorville Memorial Hospital's goal is to complete this project to fulfill its mission to "Improve the health of the people and communities we serve." Taylorville Memorial Hospital will achieve this goal by CY2021 by completing this facility and having new, contemporary, appropriately sized and configured medical-surgical, in which to treat patients. Other specific goals are to complete the project on time and on budget and strengthen Taylorville Memorial Hospital's wherewithal to serve as a safety net hospital for Medicaid, uninsured and under insured persons in Christian and Montgomery Counties.



## Taylorville Memorial Hospital

Medical/Surgical Patient Origin by Zip Code

Discharge Dates: January 1, 2016 – December 31, 2016

| City                                    | County     | Zip Code | Discharges | % of Total Cases | Cumulative % |
|-----------------------------------------|------------|----------|------------|------------------|--------------|
| TAYLORVILLE                             | CHRISTIAN  | 62568    | 551        | 61.2%            | 61.2%        |
| PANA                                    | CHRISTIAN  | 62557    | 59         | 6.6%             | 67.8%        |
| KINCAID                                 | CHRISTIAN  | 62540    | 41         | 4.6%             | 72.3%        |
| NOKOMIS                                 | MONTGOMERY | 62075    | 40         | 4.4%             | 76.8%        |
| EDINBURG                                | CHRISTIAN  | 62531    | 33         | 3.7%             | 80.4%        |
| MORRISONVILLE                           | CHRISTIAN  | 62546    | 28         | 3.1%             | 83.6%        |
| STONINGTON                              | CHRISTIAN  | 62567    | 23         | 2.6%             | 86.1%        |
| TOVEY                                   | CHRISTIAN  | 62570    | 16         | 1.8%             | 87.9%        |
| PALMER                                  | CHRISTIAN  | 62556    | 14         | 1.6%             | 89.4%        |
| SHELBYVILLE                             | SHELBY     | 62565    | 10         | 1.1%             | 90.6%        |
| ASSUMPTION                              | CHRISTIAN  | 62510    | 7          | 0.8%             | 91.3%        |
| OWANECO                                 | CHRISTIAN  | 62555    | 7          | 0.8%             | 92.1%        |
| TOWER HILL                              | SHELBY     | 62571    | 5          | 0.6%             | 92.7%        |
| MOUNT AUBURN                            | CHRISTIAN  | 62547    | 4          | 0.4%             | 93.1%        |
| <b>Total, These Zip Codes</b>           |            |          | <b>838</b> | <b>93.1%</b>     |              |
| <b>Total, Medical/Surgical Patients</b> |            |          | <b>900</b> |                  |              |

Source: COMPdata

## Taylorville Memorial Hospital

Medical/Surgical Patient Origin by Zip Code

Discharge Dates: January 1, 2016 – December 31, 2016

| County                                  | Discharges | % of Total Cases | Cumulative % |
|-----------------------------------------|------------|------------------|--------------|
| Christian                               | 789        | 87.7%            | 87.7%        |
| Montgomery                              | 54         | 6.0%             | 93.7%        |
| <b>Total, These Counties</b>            | <b>843</b> | <b>93.7%</b>     |              |
| <b>Total, Medical/Surgical Patients</b> | <b>900</b> |                  |              |

Source: COMPdata

**Taylorville Memorial Hospital Primary Service Area**  
**Medically Underserved Areas and Health Manpower Professional Shortage Areas**  
**As Designated by U.S. Department of Health and Human Services, HRSA**

| <b>County<br/>Primary<br/>Service Area:</b> | <b>P.A.</b> | <b>Medically Underserved Areas<sup>1</sup></b>                                                                     | <b>Health Professional Shortage<br/>Areas</b> |
|---------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Christian                                   | E1          | Pana/Ricks Service Area (2 townships) 60.60                                                                        | County                                        |
| Montgomery                                  | E2          | Irving/Witt Service Area (4 townships) 57.60<br>South Litchfield Service Area (South Litchfield<br>Township) 59.60 | County, Graham Correctional<br>Center         |

<sup>1</sup> Scores of 0 – 100 are assigned according to the Index of Medical Underservice, with 0 the lowest and 100 the highest. Under the established criteria, a score of 62.0 or less qualifies an area for designation as a Medically Underserved Area. Health Professional Shortage Areas listed are primary care shortages areas.

Medically Underserved Areas and Medically Underserved Populations are designated by the federal government (Health Resources and Services Administration of the U.S. Department of Health and Human Services) based on the Index of Medical Underservice. Designated Medically Underserved Areas (MUAs) and Medically Underserved Populations (MUPs) are eligible for certification and funding under federal programs such as Community Health Center (CHC) grant funds, Federally Qualified Health Centers (FQHCs), and Rural Health Clinics (<http://bhpr.hrsa.gov/shortage/muaguide.htm>) (Health Resources and Services Administration, U.S. Department of Health and Human Services).

Health Professional Shortage Areas are designated by the federal government because they have a shortage of primary medical care, dental, or mental health providers (<http://bhpr.hrsa.gov/shortage/index.htm>) (Health Resources and Services Administration, U.S. Department of Health and Human Services).

## **CRITERION 1110.230 - ALTERNATIVES**

The alternatives considered in the development of this project were: do nothing; modernize existing facility, complete facility replacement and the proposed project – partial replacement with new construction.

### **Do Nothing (\$0)**

The first alternative considered was to "Do Nothing." There would be no cost associated with this alternative. Taylorville Memorial Hospital consists of two buildings, a 5-story building constructed in 1954 and a single-story, ground level ambulatory building, main entrance and lobby constructed in 2011. (CON Permit #09-017). The 5-story building was designed as an inpatient hospital facility with more than 100 beds 63 years ago. The 5-story building is not configured as a Critical Access Hospital, which is required by the federal government to operate no more than 25 inpatient beds and offer significant outpatient services. The facility has aged infrastructure systems related to heating, ventilation and air conditioning. The existing departments are also poorly configured and located, creating inefficiencies for staff and long ingress, egress and internal travel distances, which is not conducive to the treatment of outpatients. While this alternative has no cost, it is also the most impractical alternative as it fails to address the deteriorating infrastructure and does nothing to solve the problems of trying to provide modern inpatient and outpatient health care in outdated facilities. The do nothing alternative was rejected because it does not meet the facilities current or projected needs.

### **Modernize the Existing Facility (\$19,642,000)**

The second alternative considered was to "Modernize the Existing Facility". This alternative was considered by the applicant once the do nothing alternative was rejected. The estimated cost of this alternative is \$19,642,000. However, this alternative has many problems. The existing 5-story building is 63 years old and was built to the standards of construction in place at that time. The building has been upgraded periodically over the years but still does not have the capacity to meet contemporary design standards for inpatient and outpatient hospital care. For example, the current floor-to-ceiling heights are 11 feet in the 1954 building on the floor where the medical-surgical unit is located. Contemporary construction requirements for floor-to-ceiling heights are 14 feet to accommodate additional mechanical, electrical, heating, air conditioning and other infrastructure and clinical equipment. The applicant engaged architectural, civil engineering and construction firms to assess the extent of infrastructure problems which estimated the cost of addressing these issues alone at over \$10,000,000. The report dated September 9, 2014 noted the following issues in the 1954 structure:

- The chilled water/fan coil system serving the original building is beyond its useful life. The system is not under control and does not provide code required outside ventilation air.
- The original building has outdated pneumatic temperature controls.
- The domestic hot water heaters in the Power Plant are in need of replacement due to age and condition.
- The original building is experiencing leaks in the cast iron sanitary system due to age and degradation of the piping material.

- The original building has had backbone infrastructure installed to provide the code required three branches, but the distribution still requires updating.
- The original building has had the galvanized hot water mains replaced with copper piping, however, the cold water piping is still galvanized and subject to leaks.

No matter how much would be invested in this facility, the result would still be a 1954 vintage, 5-story facility with long vertical travel distances and poorly designed for contemporary treatment of medical-surgical inpatients and the variety of outpatients accessing the hospital's services. For these reasons this alternative was rejected.

#### **Complete Facility Replacement (\$77,500,000)**

The third alternative considered was a "Complete Facility Replacement." The cost of this alternative would be \$77,500,000. This alternative would involve replacing portions of the hospital that are in newer buildings less than five years old. These include surgery, emergency, general imaging, new entrance and lobby. (CON Permit #09-017). The "Complete Facility Replacement" alternative was rejected because the newer portions of the hospital are already located in single-story, ground level building that meets contemporary design standards are functioning well and meet current and projected patient needs for those services.

#### **Proposed Project - Partial Replacement with New Construction (\$59,962,138)**

The fourth alternative considered was the proposed project "Partial Replacement with New Construction." The cost of the proposed project is \$59,962,138. The proposed project utilizes the newest single-story, ground-level portion of the hospital constructed in 2011 while replacing the oldest and least functional 5-story building constructed in 1954 that currently houses medical-surgical beds, selected outpatient and other support services. The new construction will include a single-story and a two-story building addition. Once the new space is completed, the existing 5-story hospital building will be demolished. The project will expand one category of service (Medical-Surgical/Pediatrics) by replacing 22 Medical Surgical/Pediatrics beds and 3 ICU beds with 25 modern medical surgical beds. The ICU Category of Service will be discontinued. Other services to be relocated into new space include clinical service areas other than categories of service (medical laboratory, outpatient rehabilitation, outpatient testing, stress testing, sterile processing, pharmacy, telehealth, MD specialists support clinic, dietary and other support services) and non-clinical services (environmental services, materials management, information systems, administration and other support services and public spaces.) Upon completion, Taylorville Memorial Hospital will be transformed to a new, modern, appropriately sized and configured critical access hospital providing improved access in newly constructed single-story and two-story buildings. The new facility will incorporate the most contemporary design, patient safety and infrastructure features. Inpatient facilities will include modern, all-private medical surgical patient rooms in a contemporary environment for the patients receiving care in these areas. Outpatient areas will be more accessible to patients with shorter exterior and shorten interior travel times for patients. For these reasons, this alternative was selected.

**Joint Ventures or Using other Resources or Facilities**

Taylorville Memorial Hospital is a designated Critical Access Hospital by the state and federal governments. The closest other facility is Pana Community Hospital, another Critical Access Hospital located 17.8 miles from the applicant. There are no feasible alternatives that would include using other facilities or resources.

## CRITERION 1110.234 SIZE OF THE PROJECT

### Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

**SIZE OF PROJECT:**

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
  - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
  - c. The project involves the conversion of existing space that results in excess square footage.

**Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.**

| SIZE OF PROJECT    |                       |                   |            |                  |
|--------------------|-----------------------|-------------------|------------|------------------|
| DEPARTMENT/SERVICE | PROPOSED<br>BGSF/DGSF | STATE<br>STANDARD | DIFFERENCE | MET<br>STANDARD? |
|                    |                       |                   |            |                  |

**APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

1. A programming document was prepared by the hospital's leadership and BSA Life Structures, the hospital's architectural, engineering and planning firm to define the recommended space needs to replace and right size all facility functions located within the 1954 hospital chassis.

This recommended project is the result of site tours of similar critical access hospitals, in-depth programming sessions with stakeholders and administration, review of existing operational practices and proposed improvements, clinical service volumes analysis and infrastructure due diligence of existing systems.

The applicants also referenced Illinois Hospital Licensing Requirements, ADA Accessibility Guidelines for Buildings and Facilities and 2014 Guidelines for Design and Construction of Healthcare Facilities documents and guidelines in its determination of space plans.

The resulting Space Program shown in Table 1 below was determined to be necessary and appropriate based on Clinical Services Volumes Analysis, Operational Improvements Analysis, Infrastructure Report and Recommendations and Tours Observations.

Building schematics are located in Attachment 8.

A summary of the space program for the clinical departments follows.

#### Medical Surgical

This unit will be located on the 2<sup>nd</sup> floor in new construction and will include a total of 25 modern, private medical/surgical patient rooms including 2 ADA, 3 bariatric and 1 isolation patient room. Note that the applicant is a Critical Access Hospital and utilizes these medical surgical beds as swing beds for the treatment of patients who qualify for extended care in the hospital rather than being transferred to an area nursing home. The unit will include a main nursing station, 4 satellite nurse stations, clean storage and soiled holding rooms, nourishment rooms, medication, stretcher, bed and equipment storage rooms, a multi-purpose workroom, staff break room, consult/meditation room, family waiting, staff offices for the nurse manager, activities coordinator, care manager, informatics, social services, swing bed coordinator, physician work room and other clinical support space. The unit will occupy 13,611 dgsf. The patient room layouts and sizing were structured to best meet the needs of patients in modern day critical access hospitals based on the recommendations from the architectural firm, BSA Life Structures. (BSA). BSA specializes in hospitals and healthcare facilities with various clients nationwide. See schematics in Attachment 8 – Second Floor Departmental Plan Area A, Area B and Enlarged Patient Rooms. See Attachment – 19 for a detailed explanation of the Medical Surgical volumes.

#### Laboratory

The medical laboratory will be located on 1<sup>st</sup> floor in new construction and will include Histology, Microbiology, Blood Bank, Open Lab for Urinalysis, Hematology, Chemistry, Coagulation, Blood Gas, Phlebotomy, clinical supply and record storage, pathologist work room, manager office, break room, toilet and other clinical support space. The medical laboratory is staffed by 20 FTE's to accommodate inpatient and outpatient volumes of 20,000 and 80,000 lab tests respectively. The medical laboratory will occupy 3,751 dgsf, which was determined to be the appropriate space required for laboratory operations based on architect recommendations. This is comparable to other laboratory industry standards that result in approximately 200 square feet per employee. See schematics in Attachment 8 – First Floor Departmental Plan Area A and Enlarged Outpatient Testing and Lab.

#### Outpatient Rehabilitation (OT/PT/Other)

Outpatient rehabilitation will be located on 1<sup>st</sup> floor in new construction. The space will serve outpatient general and cardiac rehabilitation patients and will include a rehab gym, 4 individualized patient therapy rooms, cardiac monitoring, hydro treadmill, hydro equipment, 4 adult exam rooms, 1 pediatric exam room, speech therapy, occupational therapy, group class room, manager, dietitian, cardiac rehab offices, tech observation and tech work areas, equipment storage, staff break room, reception, waiting, toilets and other storage, support and circulation space. This space will accommodate outpatient volumes including 11,450 physical therapy, 1,300 speech therapy, 1,200 occupational therapy, and 1,950 cardiac rehabilitation visits annually. The outpatient rehabilitation program will occupy 8,621 dgsf, which was determined to be the appropriate space

required to serve these volumes as recommended by the architect. See schematics in Attachment 8 – First Floor Departmental Plan Area A and Enlarged Rehab Plan.

#### Diagnostics and Testing

This centralized area for outpatient diagnostics and testing services will be located on 1<sup>st</sup> floor in new construction. It will include a satellite phlebotomy work area to serve infusion patients, 4 infusion stations for patient requiring intravenous medication, catheter changes, and other infusion services, 2 nursing stations, 3 sleep lab rooms, control room, a pulmonary function testing and treatment area, 1 basic x-ray room, 2 exam rooms, nourishment, medications, clean and soiled holding, toilets and other clinical support space. TMH provides 8,340 outpatient x-rays, 2,500 outpatient respiratory treatments, 2,313 outpatient infusion treatments, and 355 outpatient sleep lab studies per year. The outpatient testing area will occupy 5,641 dgsf, which was determined to be the appropriate space required to serve these volumes based on architect recommendations. See schematics in Attachment 8 – First Floor Departmental Plan Area A and Enlarged Outpatient Testing and Lab.

#### Stress Testing

The stress testing area will be located on 1<sup>st</sup> floor partially in new construction and partially in modernized/renovated space. It will include a one-room stress testing area, toilet, storage room and an office. TMH provides 199 outpatient stress tests per year. This area will occupy a total of 758 dgsf (350 dgsf in new construction and 408 dgsf in modernized space) which was determined to be the appropriate space required to serve these volumes. See schematics in Attachment 8 – First Floor Departmental Plan Area C.

#### Sterile Processing

Sterile processing will be located on 1<sup>st</sup> floor in new construction. The space will include a soiled workroom, decontamination, clean assembly packaging, sterilizing area, sterilizer closet, sterile storage, staff work station, scope decontamination, cleaning and drying, cart staging, manager office, staff break room, toilet and other support space. This space will support 80 inpatient and 960 outpatient surgeries per year performed at TMH. Sterile processing will occupy 2,244 dgsf which was determined to be the appropriate space required to serve these volumes based on architect recommendations. See schematics in Attachment 8 – First Floor Departmental Plan Area C and Enlarged Materials Management & Sterile Processing.

#### Pharmacy

Pharmacy will be located on 1<sup>st</sup> floor in new construction. The space will include receiving, storeroom, order entry/pharmacy technician workspace, pharmaceuticals work/pick station, non-sterile compounding, ante room, sterile compounding, sterile drug storage, chemotherapy/IV prep, unit dose packaging room, controlled substance closet, pharmacy office, break room and other support space. THM fills 228,000 pharmacy prescriptions per year. The pharmacy will occupy 2,488 dgsf, which was determined to be the appropriate



space required to serve these volumes based on architect recommendations. See schematics in Attachment 8 – First Floor Departmental Plan Area B and Enlarged EVS, Pharmacy and Specialty Clinic.

#### Telehealth

The telehealth room will be located on 1<sup>st</sup> floor in new construction. Taylorville Memorial Hospital partners with Southern Illinois University Medical School to provide telehealth services to local patients that prefer to receive services in this manner rather than driving to Springfield to see SIUSM physicians specializing in pulmonology, otolaryngology, plastic and reconstructive surgery and other medical and surgical specialist. The telehealth room will occupy 123 dgsf. See schematics in Attachment 8 – First Floor Departmental Plan Area B.

#### MD Specialists Clinic and Support

The MD specialist clinic and support space will be located on 1<sup>st</sup> floor in new construction. The space is used for out-of-town specialists who come to Taylorville to conduct satellite clinics to provide services closer to the homes of their patients that reside in the Taylorville area. Specialists include two oncologists from Decatur that provide chemotherapy treatments in clinic twice a week. A cardiologist from Springfield who holds clinic once a month. A congestive heart failure (CHF) clinic is held twice a month. The CHF clinic started in June of 2017 and has treated 37 patients in the first 6 months. A podiatrist also holds clinic twice a month. Other medical and surgical specialists are scheduled as needed. The space includes two exam rooms, a nursing station, patient holding area, MD office, infusion area, clean holding, patient holding, patient toilet, reception area and circulation space. The area occupies 1,450 dgsf which was determined to be the appropriate space required to serve these specialty clinic patients. See schematics in Attachment 8 – First Floor Departmental Plan Area B.

#### Medical Records

Medical records will be located on 1<sup>st</sup> floor in new construction. This space will include reception, transcriptionists, coders, medical record storage, physician work area, medical staff coordinator and Health Information Management manager offices and other support space. This department provides support for 275 adult inpatients, 38,000 outpatient visits, and 14,625 emergency room visits per year. Medical Records will occupy 1,443 dgsf which was determined to be the appropriate space required to serve these volumes See schematics in Attachment 8 – First Floor Departmental Plan Area D.

#### Inpatient Rehabilitation Department for Medical Surgical and Swing Bed Patients

This unit will be located on the 2<sup>nd</sup> floor in new construction and will include an Activities of Daily Living (ADL) kitchen and dining area, rehabilitation therapy gym, two individualized tech work areas and an ADL bathroom which will be used to serve adjacent medical surgical inpatient unit and swing bed patients. There will be no rehabilitation beds in this department. Note that the applicant is a Critical Access Hospital and will provide physical, occupational and other ADL therapy to both traditional medical surgical patients and swing bed patients who

qualify for extended care in the hospital rather than being transferred to an area nursing home. This space is needed to accommodate 3,600 inpatient physical therapy treatments, 650 inpatient speech therapy treatments, and 2,000 inpatient occupational therapy treatments per year. The rehabilitation space will occupy 1,663 dgsf which was determined to be the appropriate space required to serve these volumes. See schematics in Attachment 8 – Second Floor Departmental Plan Area A.

#### Senior Life Solutions – Behavioral Health Day Program

Senior Life Solutions will be located on 2<sup>nd</sup> floor in new construction. Senior Life Solutions is an existing day-therapy program that helps seniors cope with depression, sleeping problems, anxiety, anger or behavioral issues. 1,957 seniors come to therapy three times a week for an average length of stay of 6 hours per day. The program will include two group therapy rooms, tech area, toilet, waiting, director, RN, and MD offices and an assessment / nourishment / serving area. The program will occupy 2,189 dgsf which was determined to be the appropriate space required to serve these volumes. See schematics in Attachment 8 – Second Floor Departmental Plan Area A.

**Table I below shows the departments to be modernized, their proposed square footage, the state norm for those departments and the difference between the proposed space and the allowable space.**

**Table I**

| Department                                    | Proposed Size            | State Norm                               | Difference  |
|-----------------------------------------------|--------------------------|------------------------------------------|-------------|
| <b>REVIEWABLE</b>                             |                          |                                          |             |
| Medical/Surgical                              | 13,611 dgsf<br>(25 beds) | 500-660 dgsf/bed<br>(16,500 for 25 beds) | -2,889 dgsf |
| Laboratory                                    | 3,751 dgsf               | No standard                              |             |
| Outpatient<br>Rehabilitation<br>(OT/PT/Other) | 8,621 dgsf               | No standard                              |             |
| Diagnostics and<br>Testing                    | 5,641 dgsf               | No standard                              |             |
| Stress Testing                                | 758 dgsf                 | No standard                              |             |
| Sterile Processing                            | 2,244 dgsf               | No standard                              |             |
| Pharmacy                                      | 2,488 dgsf               | No standard                              |             |

|                                                            |             |             |  |
|------------------------------------------------------------|-------------|-------------|--|
| Telehealth                                                 | 123 dgsf    | No standard |  |
| MD specialists clinic and support                          | 1,450 dgsf  | No standard |  |
| Medical Records                                            | 1,443 dgsf  | No standard |  |
| Rehabilitation for Medical Surgical and Swing Bed Patients | 1,663 dgsf  | No standard |  |
| Senior Life Solutions – Behavioral Health Day Program      | 2,189 dgsf  | No standard |  |
|                                                            |             |             |  |
| <b>NON-REVIEWABLE</b>                                      |             |             |  |
| Staff Services/Support                                     | 970 dgsf    | No standard |  |
| Dietary                                                    | 5,617 dgsf  | No standard |  |
| Pastoral Care                                              | 133 dgsf    | No standard |  |
| Electrical                                                 | 1,505 dgsf  | No standard |  |
| Central Utilities                                          | 5,523 dgsf  | No standard |  |
| Mechanical                                                 | 334 dgsf    | No standard |  |
| Environmental Services                                     | 2,270 dgsf  | No Standard |  |
| Materials Management                                       | 3,436 dgsf  | No Standard |  |
| Information Systems                                        | 1,646 dgsf  | No Standard |  |
| Administration                                             | 5,746 dgsf  | No Standard |  |
| Plant Operations Connection                                | 790 dgsf    | No Standard |  |
| Elevator                                                   | 737 dgsf    | No Standard |  |
| Entrance                                                   | 385 dgsf    | No Standard |  |
| Hospital Connection                                        | 755 dgsf    | No Standard |  |
| Interdepartmental Circulation & Corridors                  | 18,757 dgsf | No Standard |  |
| Public Spaces (Toilets, Stairs, Waiting)                   | 2,713 dgsf  | No Standard |  |

2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
  - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;

The space plan of the proposed project conforms with BGSF/DGSF standards in Appendix B. The only clinical service for which a State Standard applies is the Medical Surgical Category of Service. The proposed medical surgical unit will occupy 13,611 dgsf which is 2,889 dgsf below the State Standard of 16,500 dgsf for 25 beds (25 beds x 660 dgsf/bed = 16,500 dgsf)

## Criterion 1110.234 Project Services Utilization

### PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

**A table must be provided in the following format with Attachment 15.**

| UTILIZATION |                   |                                                                     |                          |                   |                  |
|-------------|-------------------|---------------------------------------------------------------------|--------------------------|-------------------|------------------|
|             | DEPT./<br>SERVICE | HISTORICAL<br>UTILIZATION<br>(PATIENT DAYS)<br>(TREATMENTS)<br>ETC. | PROJECTED<br>UTILIZATION | STATE<br>STANDARD | MET<br>STANDARD? |
| YEAR 1      |                   |                                                                     |                          |                   |                  |
| YEAR 2      |                   |                                                                     |                          |                   |                  |

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following table shows how the applicant's historical utilization relates to the utilization standards established by the Board in Appendix B of Part 1110.

| UTILIZATION |                                     |                                                             |                                                       |                   |                 |
|-------------|-------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|-------------------|-----------------|
|             | DEPT./<br>SERVICE                   | HISTORICAL<br>UTILIZATION<br>YEAR 1 = CY15<br>YEAR 2 = CY16 | PROJECTED<br>UTILIZATION<br>YR 1 = 2021<br>YR2 = 2022 | STATE<br>STANDARD | MET<br>STANDARD |
| YEAR 1      | Med Surg<br>(25 beds incl<br>swing) | 5,903<br>(64.70% occup)                                     | 6,220<br>(68.16% occup)                               | 60% Occup         | YES             |
| YEAR 2      |                                     | 5,794<br>(63.50% occup)                                     | 6,220<br>(68.16% occup)                               | 60% Occup         | YES             |
|             |                                     |                                                             |                                                       |                   |                 |

The table above documents that the applicant is proposing to have the number of medical surgical rooms its historical occupancy will justify. Projected volumes were developed with hospital leadership based on historical volumes to serve the project service area population. It is also important to note that the applicant is a Critical Access Hospital and the only hospital in a 17.8 mile radius. No other clinical services proposed for this project have utilization standards listed in Appendix B. Note that other Clinical Services other than Categories of Service listed in Appendix B were already replaced as part of a previous project completed in 2012 (CON #09-017).

ATT - 15

## SERVICE SPECIFIC REVIEW CRITERIA – ATTACHMENT 19

### A. Criterion 1110.530 - Medical/Surgical/Pediatric, Obstetric, and Intensive Care

Applicants proposing to establish, expand and/or modernize Medical/Surgical, Obstetric, Pediatric and/or Intensive Care categories of service must submit the following information:

Indicate bed capacity changes by Service:      Indicate # of beds changed by action(s):

| Category of Service                                            | # Existing Beds | # Proposed Beds |
|----------------------------------------------------------------|-----------------|-----------------|
| <input checked="" type="checkbox"/> Medical/Surgical/Pediatric | 22              | 25              |
| <input type="checkbox"/> Obstetric                             |                 |                 |
| <input type="checkbox"/> Pediatric                             |                 |                 |
| <input checked="" type="checkbox"/> Intensive Care             | 3               | 0               |

3. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

| APPLICABLE REVIEW CRITERIA                                                                       | Establish | Expand | Modernize |
|--------------------------------------------------------------------------------------------------|-----------|--------|-----------|
| 1110.530(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)               | X         |        |           |
| 1110.530(b)(2) - Planning Area Need - Service to Planning Area Residents                         | X         | X      |           |
| 1110.530(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service      | X         |        |           |
| 1110.530(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service |           | X      |           |
| 1110.530(b)(5) - Planning Area Need - Service Accessibility                                      | X         |        |           |
| 1110.530(c)(1) - Unnecessary Duplication of Services                                             | X         |        |           |
| 1110.530(c)(2) - Maldistribution                                                                 | X         | X      |           |
| 1110.530(c)(3) - Impact of Project on Other Area Providers                                       | X         |        |           |
| 1110.530(d)(1) - Deteriorated Facilities                                                         |           |        | X         |
| 1110.530(d)(2) - Documentation                                                                   |           |        | X         |
| 1110.530(d)(3) - Documentation Related to Cited Problems                                         |           |        | X         |
| 1110.530(d)(4) - Occupancy                                                                       |           |        | X         |
| 1110.530(e) - Staffing Availability                                                              | X         | X      |           |

| APPLICABLE REVIEW CRITERIA                                                                                      | Establish | Expand | Modernize |
|-----------------------------------------------------------------------------------------------------------------|-----------|--------|-----------|
| 1110.530(f) - Performance Requirements                                                                          | X         | X      | X         |
| 1110.530(g) - Assurances                                                                                        | X         | X      | X         |
| APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |           |        |           |

**Criterion 1110.530 – Medical/Surgical/Pediatric Category of Service**

**Applicable Review Criteria: Modernize**

This application proposes to replace all 25 Critical Access Hospital inpatient beds at Taylorville Memorial Hospital. The hospital currently has 22 authorized Medical/Surgical/Pediatric beds and 3 authorized ICU beds. The hospital previously discontinued its 20-bed Long Term Care category of service effective February 21, 2015 (CON Permit #14-052).

Upon project completion, the hospital will continue to have 25 authorized CON beds by increasing its Authorized Medical/Surgical/Pediatric capacity to 25 beds, decreasing its ICU capacity from 3 to 0. The hospital will continue to serve the same population in these beds before and after the project is completed and all 25 beds will continue to be designated as Medicare-certified swing beds.

Taylorville Memorial Hospital is located in the State-defined Planning Area E-01. The market area for this project is Christian county and northern Montgomery County. The Medical Surgical bed need for Planning Area E-01 is shown below.

| Bed Need with Additional TMH Medical Surgical/Peds Beds |                         |                                         |                                                  |
|---------------------------------------------------------|-------------------------|-----------------------------------------|--------------------------------------------------|
| Service                                                 | E-01 Planning Area Beds | Taylorville Memorial Hospital (Current) | E-01 Planning Area Bed Calculation Excess (Need) |
| Medical Surgical/Peds Beds                              | 705                     | 22                                      | 259                                              |

Utilization data for the six hospitals located within 45 minutes of the applicant that provide medical surgical services is shown below.

| Facilities within 45 minutes of Taylorville Memorial Hospital |             |         |                     |        |
|---------------------------------------------------------------|-------------|---------|---------------------|--------|
|                                                               |             |         | Medical<br>Surgical |        |
| Facilities                                                    | City        | Minutes | Beds                | Occ    |
| Pana Community Hospital                                       | Pana        | 23      | 22                  | 12.00% |
| HSHS St. John's Hospital                                      | Springfield | 36      | 204                 | 77.89% |
| Memorial Medical Center (Affiliate)                           | Springfield | 36      | 349                 | 67.01% |
| HSHS St. Mary's Hospital                                      | Decatur     | 38      | 108                 | 44.22% |
| HSHS Good Shephard Hospital                                   | Shelbyville | 39      | 30                  | 16.46% |
| Decatur Memorial Hospital                                     | Decatur     | 41      | 204                 | 42.34% |

The project will not impact bed capacity or utilization in Planning Area E-01 or at any other hospital because the applicant will only continue to serve its own patient population in its 25 medical surgical beds.

#### **1110.530(b)(2) - Planning Area Need - Service to Planning Area Residents**

The primary purpose of the proposed project is to provide necessary health care to the residents of Christian County and northern Montgomery County who require inpatient care in medical surgical beds.

#### **1110.530(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service**

The project will result in an increase of 3 medical surgical beds which were formerly designated as 3 ICU beds within Taylorville Memorial Hospital. Patient origin information located in Attachment 12 documents that 93.7% of all TMH admissions for the last 12-month period (CY2016) originated in ZIP codes located in Christian and Montgomery Counties, the primary service area for this project.

The hospital is also designated a Critical Access Hospital for Christian County and since Taylorville Memorial Hospital discontinued its 20-bed Long Term Care Unit in 2015 (CON Permit #14-052), the hospital has utilized all 25 of its acute beds as Medicare-certified swing beds. Therefore, upon project completion, all the medical-surgical, pediatric, intensive care, observation and swing bed days that were utilized at Taylorville Memorial Hospital in calendar year 2016 will be accommodated by the 25 medical surgical beds.

During that 12-month period (CY2016), TMH experienced the following utilization:

2,978 medical surgical days  
 200 medical surgical observation days  
 2,616 swing-bed days  
 2 pediatric days  
 9 pediatric observation days  
 392 ICU patient days  
27 ICU observation days  
 6,224 Total Days



The above column totals 6,224 patient days which equates to 68.2% occupancy (6,224 days/365/25 beds = 68.2%) and exceeds the State's 60% occupancy standard specified in 77 Ill. Adm. Code 1100. Likewise, in CY2015, TMH experienced 6,434 inpatient days plus 281 observation days totaling 6,715 patient days which equates to 73.5% occupancy (6,715 days/365/25 = 73.5%) and also exceeds the State's 60% occupancy standard.

#### **1110.530(c)(2) - Maldistribution**

The project will not result in maldistribution of services because the overall bed capacity of Taylorville Memorial Hospital will not change, nor will the actual care of patients change. The project will merely result in three (3) beds being re-categorized from ICU beds to three (3) medical surgical beds.

#### **1110.530(d)(1) – Deteriorated Facilities**

Taylorville Memorial Hospital consists of two buildings, a 5-story building constructed in 1954 and a single-story, ground level ambulatory building, main entrance and lobby constructed in 2011. (CON Permit #09-017). The 5-story building was designed as an inpatient hospital facility with more than 100 beds 63 years ago. The 5-story building is not configured as a Critical Access Hospital, which is required by the federal government to operate no more than 25 inpatient beds and offer significant outpatient services. The existing departments are also poorly configured and located, creating inefficiencies for staff and long ingress, egress and internal travel distances, which is not conducive to the treatment of outpatients.

The existing 63 year-old, 5-story building was built to the standards of construction in place at that time. The building has been upgraded periodically over the years but still does not have the capacity to meet contemporary design standards for inpatient and outpatient hospital care. For example, the current floor-to-ceiling heights are 11 feet in the 1954 building on the floor where the medical-surgical unit is located. Contemporary construction requirements for floor-to-ceiling height are 14 feet to accommodate additional mechanical, electrical, heating, air conditioning and other infrastructure and clinical equipment. In addition, the facility has aged infrastructure systems related to heating, ventilation and air conditioning. The applicant engaged architectural, civil engineering and construction firms to assess the extent of infrastructure problems and estimate the cost of addressing these issues. The report dated September 9, 2014 noted the following deficiencies in the 1954 structure:

- The chilled water/fan coil system serving the original building is beyond its useful life. The system is not under control and does not provide code required outside ventilation air.
- The original building has outdated pneumatic temperature controls.
- The domestic hot water heaters in the Power Plant are in need of replacement due to age and condition.
- The original building is experiencing leaks in the cast iron sanitary system due to age and degradation of the piping material.
- The original building has had backbone infrastructure installed to provide the code required three branches, but the distribution still requires updating.
- The original building has had the galvanized hot water mains replaced with copper piping, however, the cold water piping is still galvanized and subject to leaks.

No matter how much would be invested in this facility, the result would still be a 1954 vintage, 5-

story facility with long vertical travel distances and poorly designed for contemporary treatment of medical-surgical inpatients and the variety of outpatients accessing the hospital's services. For these reasons it was determined that the existing 1954 building has deteriorated to the point that it is not prudent to invest capital dollars in this deteriorated facility.

Specific problems with the inpatient medical surgical bed unit are:

1. The nursing unit is becoming increasingly functionally obsolescent and needs to be modernized for the following reasons.
  - a. The mechanical infrastructure is old and not ideal for the beds it currently houses.
  - b. The existing nursing unit is located in a building with structural limitations.
    - 1) The patient rooms have low floor-to-ceiling heights. The existing floor-to-floor height of the four buildings in which the Medical/Surgical nursing units are located is under 11 feet, which provides less floor-to-ceiling height (after the utilities and infrastructure above the ceiling are placed between the ceiling and the floor of the next level) than the preferred spacing currently being used in new construction of Medical/Surgical nursing units. The newly constructed Medical/Surgical patient rooms will have higher floor-to-ceiling heights, to accommodate the equipment required in these patient rooms and to create a more open atmosphere for patient care.
    - 2) The existing patient rooms are of varying size and configuration. The new patient rooms will be uniformly sized and configured in order to minimize the risk of staff errors and to enhance nursing procedures.
  - c. The current patient rooms do not meet contemporary standards.
    - 1) Current rooms do not meet contemporary private patient room standards.

The American Institute of Architects (AIA) and the Facilities Guideline Institute has recommended contemporary single occupancy rooms in the 2014 edition of Guidelines for Design and Construction of Health Care Facilities, a reference source for hospital licensure written by the American Institute of Architects' (AIA) Academy of Architecture for Health and the Facilities Guideline Institute, with assistance from the U.S. Department of Health and Human Services (HHS). The existing rooms, while private, are not configured to current standards for optimum patient care, and the current room finishing materials lack sound absorption qualities that promote a quiet healing environment. This has affected TMH's Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores for hospital environment quietness.

- a) Private rooms increase the hospital's ability to maintain infection control.
- b) Private rooms reduce problems of gender and age cohorting in making room assignments.

- c) Private rooms enhance patient privacy, which is of increased importance due to the federal Health Insurance Portability and Accountability Act (HIPAA) requirements for patient confidentiality.
- 2) Many of the existing patient rooms only meet minimum size standards, but increasingly are too small to accommodate contemporary medical equipment and to permit medical teams (which include nursing students and medical students, as well as physicians and nurses) to efficiently provide care to acutely ill patients.
  - a) Some patient rooms lack nurse work areas, while the existing nurse work areas are located inconsistently within the patient rooms. The new patient rooms will be configured in order to create nurse work areas that are uniform in relation to patients.
  - b) The patient rooms are too small to permit Taylorville Memorial Hospital to provide family-centered care, which requires the rooms to have adequate space for a family member to visit and assist in providing support to the patient, as well as adequate space for a family members.
  - c) The existing Medical/Surgical nursing unit nursing station is undersized and sub-optimally configured.
  - d) Support areas are inadequately sized and poorly located in relation to the patient rooms and nursing station.
  - e) The existing soiled utility rooms, soiled linen chutes, and clean utility rooms are undersized for depositing and storing soiled supplies or storing clean supplies.
  - f) There is inadequate storage space for:
    - 1) Clean storage and disposable sterile supplies
    - 2) Medication carts.
    - 3) Clinical equipment.
    - 4) Mobile computer carts, which are taken into patient rooms.
    - 5) Linen supply.
    - 6) Non-clinical equipment.

The proposed project will replace the inpatient nursing units and beds located in this deteriorated and functionally obsolete 5-story building constructed in 1954 with modern, all-private medical surgical patient rooms in a contemporary environment for the patients receiving care in these areas. Upon completion, Taylorville Memorial Hospital will be transformed to a new, modern, appropriately sized and configured Critical Access Hospital providing improved access in separate connected 2-story and ground-level, single-story buildings. The new facility will incorporate the most contemporary design, patient safety and infrastructure features.

#### **1110.530(d)(2) – Documentation**

September 9, 2014 - Existing Condition Report on Taylorville Memorial Hospital facility and infrastructure – prepared by BSA Life Structures (architectural, engineering and planning consultant); Crawford, Murphy and Tilly (civil engineering consultant); and Harold O'Shea Builders (Hospital Construction contractor) documented deteriorating infrastructure related to heating, ventilation and air conditioning systems. Some of the infrastructure issues from 3 years ago have been addressed, but below remains a listing of infrastructure issues in the existing 1954 structure:

1. The HVAC system is over 60 years old and doesn't meet current building codes. The plumbing and electrical systems are the same way.
2. The existing roofs, brick/stone, and windows have some issues that have the potential to be safety hazards, or to allow water into the building.
3. Structurally, the exiting building doesn't meet current building codes, and would require some seismic bracing to remain operational.

#### **1110.530(d)(3) – Other Documentation**

The American Institute of Architects (AIA) and the Facilities Guideline Institute 2014 edition of Guidelines for Design and Construction of Health Care Facilities, a reference source for hospital licensure written by the American Institute of Architects' (AIA) Academy of Architecture for Health and the Facilities Guideline Institute, with assistance from the U.S. Department of Health and Human Services (HHS) was utilized to design the proposed facility and has recommended contemporary single occupancy rooms for all new hospital construction.

#### **1110.530(d)(4) – Occupancy**

Annual occupancy/utilization data for the Medical/Surgical/Pediatrics Service for CY2013- CY2016, CY2020 projected and CY2021 projected, follow.

|                                                                                   | <b>CY2013</b> | <b>CY2014</b> | <b>CY2015</b> | <b>CY2016</b> | <b>CY 2021<br/>Projected<br/>(including<br/>former ICU</b> | <b>CY 2022<br/>Projected<br/>(including<br/>former ICU</b> |
|-----------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|------------------------------------------------------------|------------------------------------------------------------|
| <b>Medical/Surgical/Peds Admissions<br/>(including, Observation &amp; Swing)</b>  | 1,457         | 1,087         | 1,062         | 1,023         | 1,150                                                      | 1,150                                                      |
| <b>Medical/Surgical/Peds Patient Days<br/>(including Observation &amp; Swing)</b> | 5,820         | 4,975         | 5,933         | 5,805         | 6,220                                                      | 6,220                                                      |
| <b>Average Daily Census</b>                                                       | 15.95         | 13.63         | 16.25         | 15.90         | 17.04                                                      | 17.04                                                      |
| <b>Average Length of Stay</b>                                                     | 3.99          | 4.58          | 5.57          | 5.67          | 5.57                                                       | 5.57                                                       |
| <b>Authorized Medical/Surgical/Peds<br/>Beds</b>                                  | 22            | 22            | 22            | 22            | 25                                                         | 25                                                         |
| <b>Occupancy (%)</b>                                                              | 72.5%         | 61.8%         | 73.9%         | 72.3%         | 68.1%                                                      | 68.1%                                                      |

**110.530(e) - Staffing Availability**

Relevant clinical and professional staffing needs for the proposed project were considered and licensure and JCAHO staffing requirements can be met. Necessary staff already exists within the facility and has been caring for this same patient population in the same beds that will merely be re-categorized from ICU to Medical Surgical beds.

**1110.530(f) - Performance Requirements – Bed Capacity Minimum - Medical/Surgical Category of Service**

Taylorville Memorial Hospital is a rural Critical Access Hospital that is not located in a Metropolitan Statistical Areas (MSA) and therefore has no minimum bed capacity. Upon project completion, the hospital will be at the maximum number of 25 inpatient beds to be designated as a Critical Access Hospital,

**1110.530(g) - Assurances**

Attached is Taylorville Memorial Hospital's Medical Center's assurance that by the second year of operation, the project will achieve and maintain the occupancy standards specified in 77 Ill. Adm. Code 1100 for the Medical/Surgical Category of Service

January 12, 2018

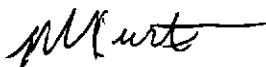
Courtney R. Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson Street - Second Floor  
Springfield, Illinois 62702

Dear Ms. Avery:

I am the applicant representative for co-applicants Taylorville Memorial Hospital and Memorial Health System for the Certificate of Need application to construct new private patient rooms in the Medical-Surgical category of service.

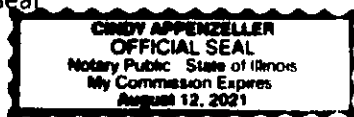
I hereby attest that Taylorville Memorial Hospital will meet the annual occupancy standards specified in 77 Ill. Adm. Code 1100 for the Medical-Surgical category of service by the second year of operation after this project is completed.

Sincerely,



Michael Curtis  
Administrator, Business Development and Strategic Planning  
Memorial Health System

Notary Seal



*Cindy Appenzeller*  
1-12-2018

## SERVICE SPECIFIC REVIEW CRITERIA – ATTACHMENT 31

### O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service:      Indicate # of key room changes by action(s):

| Service                       | # Existing Key Rooms | # Proposed Key Rooms |
|-------------------------------|----------------------|----------------------|
| Laboratory                    | 1                    | 1                    |
| Pharmacy                      | 1                    | 1                    |
| Occupational/Physical Therapy | 21                   | 19                   |
|                               |                      |                      |

3. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

| PROJECT TYPE                                                                                                          | REQUIRED REVIEW CRITERIA |                                       |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------|
| New Services or Facility or Equipment                                                                                 | (b) –                    | Need Determination – Establishment    |
| Service Modernization                                                                                                 | (c)(1) –                 | Deteriorated Facilities               |
|                                                                                                                       |                          | and/or                                |
|                                                                                                                       | (c)(2) –                 | Necessary Expansion                   |
|                                                                                                                       |                          | PLUS                                  |
|                                                                                                                       | (c)(3)(A) –              | Utilization – Major Medical Equipment |
|                                                                                                                       |                          | Or                                    |
|                                                                                                                       | (c)(3)(B) –              | Utilization – Service or Facility     |
| APPEND DOCUMENTATION AS <u>ATTACHMENT-31</u> IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. |                          |                                       |

### Criterion 1110.3030 – Clinical Services Other than Categories of Service

This application proposes to modernize the following Clinical Services Other than Clinical Services at Taylorville Memorial Hospital.

- Laboratory
- Pharmacy
- Occupational/Physical Therapy

### **1110.3030(c)(1) – Deteriorated Facilities**

Taylorville Memorial Hospital consists of two buildings, a 5-story building constructed in 1954 and a single-story, ground level building, main entrance and lobby completed in 2012 (CON #09-017).

The 5-story building was designed as an inpatient hospital facility with more than 100 beds 63 years ago. The 5-story building is not configured as a Critical Access Hospital, which is required by the federal government to operate no more than 25 inpatient beds and offer significant outpatient services. The existing departments are also poorly configured and located, creating inefficiencies for staff and long ingress, egress and internal travel distances, which is not conducive to the treatment of outpatients.

The existing 63 year-old, 5-story building was built to the standards of construction in place at that time. The building has been upgraded periodically over the years but still does not have the capacity to meet contemporary design standards for inpatient and outpatient hospital care. The applicant engaged architectural, civil engineering and construction firms to assess the extent of infrastructure problems and estimated the cost of addressing these issues at over \$10 million. The report dated September 9, 2014 noted the following deficiencies in the 1954 structure:

- The chilled water/fan coil system serving the original building is beyond its useful life. The system is not under control and does not provide code required outside ventilation air.
- The original building has outdated pneumatic temperature controls.
- The domestic hot water heaters in the Power Plant are in need of replacement due to age and condition.
- The original building is experiencing leaks in the cast iron sanitary system due to age and degradation of the piping material.
- The original building has had backbone infrastructure installed to provide the code required three branches, but the distribution still requires updating.
- The original building has had the galvanized hot water mains replaced with copper piping, however, the cold water piping is still galvanized and subject to leaks.

No matter how much would be invested in this facility, the result would still be a 1954 vintage, 5-story facility with long vertical travel distances and poorly designed for contemporary treatment of inpatients and the variety of outpatients accessing the hospital's services. For these reasons it was determined that the existing 1954 building has deteriorated to the point that it is not prudent to invest nearly \$20 million of capital dollars in this deteriorated facility.

The proposed project will replace the Clinical Services Other than Clinical Services at Taylorville Memorial Hospital listed above that are currently located in the deteriorated and functionally obsolete 5-story building constructed in 1954 into two new buildings, a new single-story, ground level building connected to a new 2-story building. The new facility will provide a contemporary environment for the patients receiving care in these areas. Upon completion, Taylorville Memorial Hospital will be transformed to a new, modern, appropriately sized and configured critical access hospital providing improved access in two new buildings, one a new single-story, ground level building connected to a new 2-story building. The new facility will incorporate the most contemporary design, patient safety and infrastructure features.



### **1110.3030(c)3(B) – Utilization Service or Facility**

There are no utilization standards listed in Appendix B for the Clinical Services other than Categories of Service included in this project (Laboratory, Pharmacy and Occupational/Physical Therapy).

Note that other Clinical Services other than Categories of Service listed in Appendix B were already replaced as part of a previous project completed in 2012 (CON #09-017).

While no utilization standards are listed in Appendix B for laboratory, pharmacy or occupational/physical therapy a description of the process for determining the appropriate amount of space for each is noted below.

A programming document was prepared by the hospital's leadership and BSA Life Structures, the hospital's architectural, engineering and planning firm to define the recommended space needs to replace and right size all facility functions located within the 1954 hospital chassis.

This recommended project is the result of site tours of similar critical access hospitals, in-depth programming sessions with stakeholders and administration, review of existing operational practices and proposed improvements, clinical service volumes analysis and infrastructure due diligence of existing systems.

The applicant also referenced Illinois Hospital Licensing Requirements, ADA Accessibility Guidelines for Buildings and Facilities and 2014 Guidelines for Design and Construction of Healthcare Facilities documents and guidelines in its determination of space plans.

The resulting Space Program below was determined to be necessary and appropriate based on Clinical Services Volumes Analysis, Operational Improvements Analysis, Infrastructure Report and Recommendations and Tours Observations.

#### Laboratory

The medical laboratory will include Histology, Microbiology, Blood Bank, Open Lab for Urinalysis, Hematology, Chemistry, Coagulation, Blood Gas, Phlebotomy, clinical supply and record storage, pathologist work room, manager office, break room, toilet and other clinical support space in 3,751 dgsf. The TMH medical laboratory completed 96,523 inpatient and outpatient tests in 2016. This volume is projected to be 110,800 in CY2022. See schematics in Attachment 8 – First Floor Departmental Plan Area A.

#### Pharmacy

Pharmacy will include receiving, storeroom, order entry/pharmacy technician workspace, pharmaceuticals work/pick station, non-sterile compounding, ante room, sterile compounding, sterile drug storage, chemotherapy/IV prep, unit dose packaging room, controlled substance closet, pharmacy office, break room and other support space in 2,488 dgsf. In 2016, the pharmacy filled 228,064

prescriptions. The pharmacy projects 229,250 prescriptions will be filled in CY2022. See schematics in Attachment 8 – First Floor Departmental Plan Area B.

#### Occupational/Physical Therapy

Outpatient rehabilitation will be located on 1<sup>st</sup> floor and will serve general and cardiac rehabilitation patients. The space will include a rehab gym, 4 individualized patient therapy rooms, cardiac monitoring, hydro treadmill, hydro equipment, 4 adult exam rooms, 1 pediatric exam room, speech therapy, occupational therapy, group class room, manager, dietitian, cardiac rehab offices, tech observation and tech work areas, equipment storage, staff break room, reception, waiting, toilets and other storage, support and circulation space in 8,621 dgsf.

Rehabilitation for Medical Surgical and Swing Bed Patients will be provided on the 2<sup>nd</sup> floor adjacent to the medical surgical unit. Note that the applicant is a Critical Access Hospital and utilizes these medical surgical beds as swing beds for the treatment of patients who qualify for extended care in the hospital rather than being transferred to an area nursing home. Therapy provided in this area will include an Activities of Daily Living (ADL) kitchen and dining area, rehabilitation therapy gym, two individualized tech work areas and an ADL bathroom in 1,663 dgsf.

The applicant's inpatient and outpatient therapy volumes for 2016 were: 15,050 Physical Therapy visits, 1,950 Speech Therapy visits, 3,200 Occupational Therapy Visits and 1,950 Cardiac Rehab visits for a total of 22,150 rehabilitation visits. These volumes are projected for CY2022 to be 15,050 Physical Therapy visits, 1,950 Speech Therapy visits, 3,200 Occupational Therapy Visits and 1,950 Cardiac Rehab visits for a total of 22,150 visits. See schematics in Attachment 8 – First Floor Departmental Plan Area A and Second Floor Departmental Plan Area A.

**Section 1120.140 Subsection B. - Conditions of Debt Financing**

**CERTIFICATION**

Re: Project for the major modernization of Taylorville Memorial Hospital, a 25-bed Critical Access Hospital located at 201 E. Pleasant Street, Taylorville, Illinois, 62568.

The undersigned, as authorized representatives of Memorial Health System and Taylorville Memorial Hospital; in accordance with 77 Illinois Administrative Code Section 1120.140 Subsection B. hereby attest to the following:

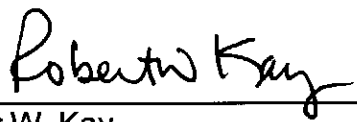
The selected form of financing for this project will be at the lowest net cost available to the co-applicants.

The project does not involve (in total or in part) the leasing of equipment or facilities.

Signed and dated on this 9th day of January, 2018.

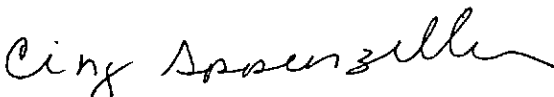
Memorial Health System  
Taylorville Memorial Hospital  
Illinois Not-For-Profit Corporations

By:   
Edgar J. Curtis  
Its: President and CEO

By:   
Robert W. Kay  
Its: Senior Vice President and CFO

Notarization:  
Subscribed and sworn before me,  
a notary public in the County of  
Sangamon in the State of Illinois  
on this 9th day of January 2018.





**X. 1120.140 - Economic Feasibility**

**This section is applicable to all projects subject to Part 1120.**

**A. Reasonableness of Financing Arrangements NOT APPLICABLE – A+/A1 Bond Rating**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following: **SEE BELOW**

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

| COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE        |                         |            |                      |        |                       |        |                      |                    |                       |
|------------------------------------------------------------|-------------------------|------------|----------------------|--------|-----------------------|--------|----------------------|--------------------|-----------------------|
| Department<br>(list below)                                 | A                       | B          | C                    | D      | E                     | F      | G                    | H                  | Total Cost<br>(G + H) |
|                                                            | Cost/Square Foot<br>New | Mod.       | Gross Sq. Ft.<br>New | Circ.* | Gross Sq. Ft.<br>Mod. | Circ.* | Const. \$<br>(A x C) | Mod. \$<br>(B x E) |                       |
| <b>Clinical Components</b>                                 |                         |            |                      |        |                       |        |                      |                    |                       |
| Medical / Surgical                                         | 477                     |            | 13,611               |        |                       |        | 6,492,447            |                    | 6,492,447             |
| Medical Laboratory                                         | 375                     |            | 3,751                |        |                       |        | 1,406,625            |                    | 1,406,625             |
| Outpatient Rehabilitation (OT/PT/Other)                    | 345                     |            | 8,621                |        |                       |        | 2,974,245            |                    | 2,974,245             |
| Diagnostics and Testing                                    | 350                     |            | 5,641                |        |                       |        | 1,974,350            |                    | 1,974,350             |
| Stress Testing                                             | 419.99                  | 497        | 350                  |        | 408                   |        | 146,997              | 202,619            | 349,616               |
| Sterile Processing                                         | 360                     |            | 2,244                |        |                       |        | 807,840              |                    | 807,840               |
| Pharmacy                                                   | 331                     |            | 2,488                |        |                       |        | 823,528              |                    | 823,528               |
| Telehealth                                                 | 312.00                  |            | 123                  |        |                       |        | 38,376               |                    | 38,376                |
| MD specialists clinic and support                          | 324                     |            | 1,450                |        |                       |        | 469,800              |                    | 469,800               |
| Medical Records                                            | 290                     |            | 1,443                |        |                       |        | 418,469              |                    | 418,470               |
| Rehabilitation for Medical Surgical and Swing Bed Patients | 325                     |            | 1,663                |        |                       |        | 540,475              |                    | 540,475               |
| Senior Life Solutions – Behavioral Health Day Program      | 305.02                  |            | 2,189                |        |                       |        | 667,689              |                    | 667,689               |
| <b>SUBTOTAL CLINICAL COMPONENTS</b>                        | <b>385</b>              | <b>497</b> | <b>43,574</b>        |        | <b>408</b>            |        | <b>16,760,841</b>    | <b>202,619</b>     | <b>16,963,460</b>     |
| Contingency                                                |                         |            |                      |        |                       |        | 1,676,084            | 30,393             | 1,706,477             |
| <b>TOTAL CLINICAL COMPONENTS</b>                           | <b>423</b>              | <b>571</b> | <b>43,574</b>        |        | <b>408</b>            |        | <b>18,436,925</b>    | <b>233,012</b>     | <b>18,669,937</b>     |

| COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE  |                              |     |                             |   |                              |   |                      |                    |                       |
|------------------------------------------------------|------------------------------|-----|-----------------------------|---|------------------------------|---|----------------------|--------------------|-----------------------|
| Department<br>(list below)                           | A                            | B   | C                           | D | E                            | F | G                    | H                  | Total Cost<br>(G + H) |
|                                                      | Cost/Square Foot<br>New Mod. |     | Gross Sq. Ft.<br>New Circ.* |   | Gross Sq. Ft.<br>Mod. Circ.* |   | Const. \$<br>(A x C) | Mod. \$<br>(B x E) |                       |
| <b>Non-Clinical Components</b>                       |                              |     |                             |   |                              |   |                      |                    |                       |
| Staff services/support                               | 391                          |     | 970                         |   |                              |   | 379,270              |                    | 379,270               |
| Dietary                                              | 402                          |     | 5,617                       |   |                              |   | 2,258,034            |                    | 2,258,034             |
| Pastoral Care                                        | 392.86                       |     | 133                         |   |                              |   | 52,250               |                    | 52,250                |
| Electrical                                           | 392                          | 183 | 968                         |   | 537                          |   | 379,456              | 98,266             | 477,722               |
| Central Utilities                                    | 401                          |     | 5,523                       |   |                              |   | 2,214,723            |                    | 2,214,723             |
| Mechanical                                           | 391                          |     | 334                         |   |                              |   | 130,594              |                    | 130,594               |
| Environmental Services                               | 391                          |     | 2,270                       |   |                              |   | 887,570              |                    | 887,570               |
| Materials Management                                 | 391                          |     | 3,436                       |   |                              |   | 1,343,476            |                    | 1,343,476             |
| Information Systems                                  | 391                          |     | 1,646                       |   |                              |   | 643,586              |                    | 643,586               |
| Administration                                       | 370                          |     | 5,746                       |   |                              |   | 2,126,020            |                    | 2,126,020             |
| Plant Operations Connection                          | 391                          |     | 790                         |   |                              |   | 308,890              |                    | 308,890               |
| Elevator                                             | 391                          |     | 737                         |   |                              |   | 288,167              |                    | 288,167               |
| Entrance                                             | 391                          |     | 385                         |   |                              |   | 150,535              |                    | 150,535               |
| Hospital Connection                                  |                              | 183 |                             |   | 755                          |   | 0                    | 138,158            | 138,158               |
| Interdepartmental circulation and corridors          | 391                          |     | 18,757                      |   |                              |   | 7,333,987            |                    | 7,333,987             |
| Public spaces (toilets, stairs, waiting)             | 391                          |     | 2,713                       |   |                              |   | 1,060,783            |                    | 1,060,783             |
| <b>SUBTOTAL NON-CLINICAL COMPONENTS</b>              | 391                          | 183 | 50,025                      |   | 1,292                        |   | 19,557,341           | 236,425            | 19,793,766            |
| Contingency                                          |                              |     |                             |   |                              |   | 1,955,734            | 35,464             | 1,991,198             |
| <b>TOTAL NON-CLINICAL COMPONENTS</b>                 | 430                          | 210 | 50,025                      |   | 1,292                        |   | 21,513,075           | 271,888            | 21,784,963            |
| <b>TOTAL CLINICAL COMPONENTS (see previous page)</b> | 423                          | 571 | 43,574                      |   | 408                          |   | 18,436,925           | 233,012            | 18,669,937            |
| <b>PROJECT TOTAL</b>                                 | 427                          | 297 | 93,599                      |   | 1,700                        |   | 39,950,000           | 504,900            | 40,454,900            |

**D. Projected Operating Costs**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

Projected Taylorville Memorial Hospital FY2022 direct annual operating costs/equivalent patient day = \$2,454.

**E. Total Effect of the Project on Capital Costs**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The project will add \$268.87 new project capital costs/ equivalent patient day, bringing the total projected Taylorville Memorial Hospital FY2022 total annual capital costs/equivalent patient day to \$445.62.

## **SAFETY NET IMPACT STATEMENT – ATTACHMENT 38**

### **1. The project's material impact, if any, on essential safety net services in the community.**

This project will have a positive impact on essential safety net services in the community. Taylorville Memorial Hospital is a Critical Access Hospital safety-net hospital serving Christian County. Taylorville Memorial Hospital provides a wide range of services to poor, uninsured and underinsured persons. This project will enhance Taylorville Memorial Hospital's ability to serve as a safety-net hospital for this population.

Health Safety Net Services have been defined as services provided to patients who are low-income and otherwise vulnerable, including those uninsured and covered by Medicaid. (Agency for Healthcare Research and Quality, Public Health Service, U.S. Department of Health and Human Services, "The Safety Net Monitoring Initiative," AHRQ Pub. No. 03-P011, August, 2003)

This construction project will modernize the Medical Surgical Category of Service and existing Clinical Service Areas that are not Categories of Service, thereby improving Taylorville Memorial Medical Hospital's ability to provide essential medical and surgical services to all the patients it serves, including the uninsured and underinsured residents of Christian county in Planning Area E-01, the State-defined planning area in which the hospital is located and northern Montgomery County located in Planning Area E-02.

As discussed in Attachment 12, the market area for this project includes those zip codes in which 0.5% or more of Taylorville Memorial Hospital's medical and surgical cases reside. These zip codes are shown in the patient origin chart for its medical and surgical patients during the recent 12-month period of calendar year 2016 which is found in Attachment 12, Page 4.

This project will enable Taylorville Memorial Hospital to continue to provide much-needed services to the low income and uninsured that reside and work within the market area for this project.

- a. Many of the patients that are served at Taylorville Memorial Hospital are low-income or otherwise vulnerable, as documented by their residing in Medically Underserved Areas and/or Health Professional Shortage Areas.

Medically Underserved Areas and Medically Underserved Populations are designated by the federal government (Health Resources and Services Administration of the U.S. Department of Health and Human Services) based on the Index of Medical Underservice. Designated Medically Underserved Areas (MUAs) and Medically Underserved Populations (MUPs) are eligible for certification and funding under federal programs such as Community Health Center (CHC) grant funds, Federally Qualified Health Centers (FQHCs), and Rural Health Clinics (<http://bhpr.hrsa.gov/shortage/muaguide.htm>) (Health Resources and Services Administration, U.S. Department of Health and Human Services).

Health Professional Shortage Areas are designated by the federal government because they have a shortage of primary medical care, dental, or mental health providers (<http://bhpr.hrsa.gov/shortage/index.htm>) (Health Resources and Services Administration, U.S. Department of Health and Human Services).



The entire Christian County is designated a Health Professional Shortage Area, and 2 townships (Locust and Pana) in the Pana/Ricks Service Area are a Medically Underserved Area/Population.

The entire Montgomery County is also designated a Health Professional Shortage Area, and 4 townships in the Irving/Witt Service Area (Audubon, Irving, Nokomis, Witt) and 1 township in the South Litchfield Service Area (South Litchfield) are Medically Underserved Areas/Populations

- b. Although the total amount of the uninsured individuals has declined since the Affordable Care Act was implemented, a significant percentage of the residents of Taylorville Memorial Hospital's Service Area have been identified as being uninsured. According to the County Health Rankings & Roadmaps and the United State Census Bureau, roughly 9% of Christian County residents remain uninsured as of 2016.

This project will have a positive impact on essential safety net services in Christian County in Planning Area E-01 and the market area for this project for those patients requiring Medical and Surgical because Taylorville Memorial Hospital's inpatient facilities will be modernized and modern, all-private medical surgical patient rooms will be constructed, thus providing a contemporary environment for the patients receiving care in these areas, a significant percentage of whom are low-income, uninsured, and otherwise vulnerable. The current 5- story hospital facility will also be replaced with two new buildings, one a single-story, ground-level building connected to a new 2-story building with enhanced access and shorter exterior and interior travel times for patients.

2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services

This project will have no impact, or will enhance, the ability of other providers or health care systems to cross-subsidize safety net services by assuring that Taylorville Memorial Hospital continues to have the capacity to serve the poor, uninsured and under-insured persons described above. The project will not impact on other patient populations served by other providers and, as such, it will not have any impact on other providers' or health care systems' abilities to cross-subsidize safety net services.

3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community:

This project will have no impact on the remaining safety net providers in the community. Taylorville Memorial Hospital is not proposing to discontinue the facility and will only re-categorize 1 pediatrics bed and 3 ICU beds to become 4 medical surgical beds while caring for the same patient population.

Safety Net Impact Statements shall also include all of the following.

1. The amount of charity care provided by Taylorville Memorial Hospital for the 3 fiscal years prior to submission of the CON application was:

| CHARITY CARE                     |                  |                |                |
|----------------------------------|------------------|----------------|----------------|
| Charity (# of patients)          | Year<br>2014     | Year<br>2015   | Year<br>2016   |
| Inpatient                        | 23               | 18             | 14             |
| Outpatient                       | 2,063            | 1,966          | 1,562          |
| <b>Total</b>                     | <b>2,086</b>     | <b>2,084</b>   | <b>1,576</b>   |
| <b>Charity (cost in dollars)</b> |                  |                |                |
| Inpatient                        | 129,198          | 21,592         | 10,825         |
| Outpatient                       | 1,216,802        | 476,991        | 463,175        |
| <b>Total</b>                     | <b>1,346,000</b> | <b>498,583</b> | <b>474,000</b> |

This amount was calculated in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act.

2. The amount of care provided by Taylorville Memorial Hospital to Medicaid patients for the 3 fiscal years prior to submission of the CON application was:

| MEDICAID                  |                  |                  |                  |
|---------------------------|------------------|------------------|------------------|
| Medicaid (# of patients)  | Year<br>2014     | Year<br>2015     | Year<br>2016     |
| Inpatient                 | 73               | 74               | 66               |
| Outpatient                | 8,052            | 10,807           | 9,506            |
| <b>Total</b>              | <b>8,125</b>     | <b>10,881</b>    | <b>9,572</b>     |
| <b>Medicaid (revenue)</b> |                  |                  |                  |
| Inpatient                 | 117,879          | 86,938           | 165,192          |
| Outpatient                | 1,541,400        | 2,045,959        | 2,509,700        |
| <b>Total</b>              | <b>1,659,279</b> | <b>2,132,897</b> | <b>2,674,892</b> |

This amount was provided in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Illinois Health Facilities and Services Review Board under Section 13 of the Illinois Health Facilities Act and published in the Annual Hospital Profile.

3. Any other information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.
  - a. TMH provides clinical education for LPN students from Capital Area School of Practical Nursing, nursing students from Lincoln Land Community College and respiratory therapy students.
  - b. Taylorville Memorial Hospital proactively offers charity care to patients and routinely approves patients to receive charity care without requiring patients to produce onerous paper documentation

of their financial condition. This is accomplished electronically by completing a high-level credit check for the purposes of confirming the patients' verbal assertions.

c. The hospital teaches numerous CPR classes in the community. It also serves as a community resource for ACLS and PALS certification for firefighters and first responders (a good resource for scattered rural communities, many which may rely on volunteer fire departments).

d. TMH, in collaboration with Memorial Behavioral Health, has held 5 classes and trained 76 individuals through the Mental Health First Aid (MHFA) program. This program gives participants the knowledge and skills to help individuals who are developing a mental illness or experiencing a crisis find their path to recovery.

e. Since 2014 TMH has provided a new service to the community called Senior Life Solutions (SLS). SLS provides geriatric psychiatric group therapy for patients suffering from anxiety and depression. Low-dose CT scanning to screen for Lung Cancer was also added to radiology services, allowing patients at risk for lung cancer to be screened with a lower dose of radiation before symptoms are present. Early Intervention therapy services were developed to provide occupational and speech therapy for the community's pediatric population.

f. Taylorville Memorial Hospital is one of the largest employers in Christian County and provides employment and benefits for approximately 380 families. TMH is a member of the Greater Taylorville Chamber of Commerce and the Christian County Economic Development Corporation, which are working to improve the economic vitality of Christian County. Community support is provided by leadership on the boards of the United Way of Christian County, Taylorville Development Association, and Taylorville Sertoma Club. TMH actively promotes and supports the United Way of Christian County. TMH also offers incentives to employees who make contributions to United Way. Coalition building has also been accomplished through membership in the Christian County Prevention Coalition, which is dedicated to stopping drug and alcohol abuse, especially on the part of young people. Community health improvement advocacy is supported through leadership involvement in the Illinois Hospital Small and Rural Constituency Section. This section of the Illinois Hospital Association supports small and rural hospitals as they strive to provide needed healthcare services to the communities they serve. Leaders and employees of TMH serve on several other committees and boards, such as Illinois Respiratory Care Board, Relay for Life, Local Emergency Planning Committee of Christian County, and Christian County Economic Development Corporation. In addition, the TMH CEO serves on the Capitalized Land of Lincoln Workforce Investment Board, and on the Executive Committee of the Christian County Prevention Coalition.

### Charity Care Information – ATTACHMENT – 39

The amount of charity care provided by Taylorville Memorial Hospital for the last three **audited** fiscal years, the cost of charity care and the ratio of charity care cost to net patient revenue are shown below. Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3).

| <b>CHARITY CARE – Taylorville Memorial Hospital</b>             |                             |                             |                             |
|-----------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                                 | <b>Fiscal Year<br/>2014</b> | <b>Fiscal Year<br/>2015</b> | <b>Fiscal Year<br/>2016</b> |
| <b>Net Patient Revenue</b>                                      | <b>\$34,847,741</b>         | <b>\$38,372,824</b>         | <b>\$42,441,416</b>         |
| Amount of Charity Care<br>(charges)                             | \$3,543,577                 | \$1,355,807                 | \$621,413                   |
| Cost of Charity Care                                            | \$1,346,559                 | \$498,937                   | \$185,243                   |
| Ratio of Cost of Charity Care to<br>Net Patient Service Revenue | 3.86%                       | 1.3%                        | .44%                        |

**Memorial**  
HEALTH SYSTEM



18-003  
701 North First Street • Springfield, Illinois 62781-0001  
ChooseMemorial.org • Phone (217) 788-3000

January 12, 2018

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities and Services Review Board  
525 W. Jefferson Street, 2nd Floor  
Springfield, IL 62761

**RECEIVED**

JAN 12 2018

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

Re: Taylorville Memorial Hospital Major Modernization Project

Dear Ms. Avery,

I am submitting the enclosed application for consideration by the Illinois Health Facilities and Services Review Board. Please find the following:

1. An original and 1 copy of an application for permit to complete a major modernization of Taylorville Memorial Hospital; and
2. A filing fee of \$2,500 payable to the Illinois Department of Public Health.

Upon your staffs initial review of the enclosed application, please notify me of the total fee and the remaining fee due in connection with this application and I will arrange for payment of the remaining balance.

I believe this application conforms with the applicable standards and criteria of Part 1110 and 1120 of the Board's regulations. Please advise me if you require anything further to deem the enclosed application complete.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Curtis', written over a horizontal line.

Michael A. Curtis  
Administrator, Business Development and Strategic Planning

Enclosures